UNITED NATIONS

DP

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.
GENERAL

DP/1998/1
7 November 1997

ORIGINAL: ENGLISH

First regular session 1998
19-26 January 1998, New York
Item 1 of the provisional agenda
UNDP

REPORT ON THE THIRD REGULAR SESSION

NEW YORK, 15-19 SEPTEMBER 1997

CONTENTS

Chapter		Page
I.	ORGANIZATIONAL MATTERS	3
II.	UNDP CHANGE MANAGEMENT	7
III.	UNDP: FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS	9
IV.	RESOURCES AND FUNDING STRATEGY	25
V.	UNOPS: FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS	26
VI.	UNDP: COUNTRY COOPERATION FRAMEWORKS AND RELATED MATTERS	29
VII.	UNFPA: FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS	45
VIII.	UNFPA: RESOURCE MOBILIZATION	61
IX.	UNFPA: COUNTRY PROGRAMMES AND RELATED MATTERS	62
X.	OTHER MATTERS	63

97-30540 (E) 151297

CONTENTS (continued)

DECISIONS ADOPTED

Number		Page
97/21	UNOPS: Risk management, reserves and surplus income	28
97/22	UNOPS: Revised budget estimates for the biennium 1996-1997 and budget estimates for the biennium 1998-1999	28
97/23	Follow-up to recommendations of the report of the Board of Auditors on the United Nations Office for Project Services (A/51/5/Add.10)	29
97/24	Budget estimates for the biennium 1998-1999	20
97/25	First country cooperation framework for Nigeria	32
97/26	Estimates for the support budget of the United Nations Population Fund for the biennium 1998-1999	60
97/27	Technical Support Services System of the United Nations Population Fund	49
97/28	Functioning of the Coordinating Committee on Health	66
97/29	Overview of decisions adopted by the Executive Board at its third regular session 1997	68

I. ORGANIZATIONAL MATTERS

1. The President, Mr. Hans Lundborg (Sweden), opened the session. A minute of silence was held in memory of Mr. Lukabu Khabouji N'Zaji, Chargé d'affaires of the Permanent Mission of the Democratic Republic of the Congo to the United Nations. The President noted that the Bureau had met three times: during the meeting of the Economic and Social Council at its substantive session 1997; on 2 September 1997; and on 15 September 1997. At those meetings, the Bureau had reviewed the outcome of the annual session 1997 and field visits made by Board members during the course of the year. The Bureau had also reviewed the agenda for the third regular session and had made a number of proposals regarding the work plan, which had been presented to the informal pre-session meeting on 3 September 1997 and had been adjusted further on the basis of the outcome of that meeting. This included the postponement of the review of the six UNFPA country programmes to the first regular session 1998. An extremely heavy agenda had been planned for the third regular session, and it was possible that all items would not be covered. All speakers were invited to be as brief as possible.

Adoption of the agenda and work plan

2. The Secretary of the Executive Board introduced the provisional agenda and work plan, as contained in DP/1997/L.4/Rev.1. She noted that the documents for the session had been mailed to the permanent missions of each Board member. In addition, a full set of documents had been provided to each Board member on the first day of the session; however, as documentation available at each session was limited, this practice would be discontinued in the future. Instructions on how to obtain documentation through the Internet were available at the session.

3. The work plan for the session had been revised to reflect the discussions held at the pre-session informal meeting. Some of the items not covered during the session and which did not require a decision by the Executive Board could be taken up at an informal meeting on 9 October 1997. Consideration of UNFPA country programmes had been postponed to the first regular session 1998, a measure that would not have an impact on programming. In accordance with Executive Board decision 96/7, requests for separate discussions were received by the Secretariat for the first country cooperation frameworks for the following countries: Angola (DP/CCF/ANG/1); Burkina Faso (DP/CCF/BKF/1); Cambodia (DP/CCF/CMB/1); Nigeria (DP/CCF/NIR/1); Pakistan (DP/CCF/PAK/1); Peru (DP/CCF/PER/1); South Africa (DP/CCF/SAF/1); Yugoslavia (DP/CCF/YUG/1); and Zimbabwe (DP/CCF/ZIM/1). Informal meetings on financial and budgetary matters, the UNDP micro-credit programme and with visiting UNDP resident representatives were scheduled to take place during the session. At the request of the Administrative Committee on Coordination, the statement on universal access to basic communication and information services adopted by the Committee in April 1997 had been distributed to the Executive Board.

4. The delegation of China, speaking as one of the six countries with proposed UNFPA country programmes on the agenda for the session, stated that it was surprised that at the pre-session informal meeting it had been decided to recommend postponing consideration of the UNFPA country programmes. In its view, the fact there were many items on the agenda was not sufficient reason for

such a postponement. However, the delegation was willing to agree to the revised tentative work plan if the UNFPA Secretariat would state explicitly that delaying the Executive Board's consideration of the UNFPA country programmes would not affect their future implementation, especially not the proposed timing of the programmes.

5. The UNFPA Deputy Executive Director (Policy and Administration) thanked the delegation of China for its comment and informed the Board that five of the six proposed country programmes were scheduled to begin in 1998 and one was scheduled to begin in 1997. The Fund would, within the limits of its resources, try to safeguard the implementation of all six programmes and would seek to ensure that there were no negative implications for any of them.

6. The President thanked the delegation for its cooperation and stated that the Bureau had made its recommendation only upon receiving such an assurance from the UNFPA secretariat.

7. One delegation stated that consideration of the 86 country cooperation frameworks before the Executive Board under the UNDP segment of the session should have been divided more evenly among the sessions of the Board. Another delegation stated that many country cooperation frameworks and some other documentation had been issued late in languages other than the language of the original texts. In that regard, the revised global cooperation framework (DP/GCF/1/Rev.1) could be postponed to the first regular session 1998, owing to its late issuance.

8. The Secretary of the Executive Board stated that the UNDP budget had been produced in a new format, a factor which had led to its being issued a few days late. Most country cooperation frameworks had been issued on time, but it was up to the Board to decide whether to consider those that had been distributed after the deadline. The large volume of documentation processed by the Department of General Assembly Affairs and Conference Services throughout the summer merited consideration.

9. The Executive Board approved the proposed agenda for the session contained in document DP/1997/L.4/Rev.1, as amended.

Item 1. Organizational matters

<u>UNDP segment</u>

Item 2. UNDP change management

Item 3. Financial, budgetary and administrative matters

Item 4. Resources and funding strategy

Item 5. UNOPS: Financial, budgetary and administrative matters

Item 6. Country cooperation frameworks and related matters

UNFPA segment

Item 7. Financial, budgetary and administrative matters

Item 8. Resource mobilization

Item 9. Country programmes and related matters (postponed to first regular session 1998)

Item 10. Other matters

10. The Executive Board approved the revised work plan as distributed at the session, with the understanding that if there were not enough time during the session, the items scheduled for Friday, 19 September 1997, would be taken up at an informal meeting on 9 October 1997.

11. The Executive Board approved the report on the annual session 1997, as contained in document DP/1997/21.

Draft work plan 1998

12. The Secretary introduced the draft work plan for 1998, as contained in document DP/1997/CRP.21. She drew the attention of the Executive Board to the attempt to focus the first regular session on UNDP matters, and the second regular session on UNFPA matters. The funding strategy paper (DP/1997/CRP.23) distributed at the current session would be discussed at an informal meeting of the Board to be held later in 1997, which would also include a presentation on the Latin America cost-sharing model. The item on the United Nations Volunteers would be taken up by the Board at its annual session 1998.

13. One speaker requested that the paper on non-core resources to be considered at the first regular session 1998 be for "action" rather than "information". Another delegation suggested that the item on evaluation could be taken up at the second regular session 1998, so as to lighten the agenda for the annual session. One delegation requested a list of mid-term reviews scheduled for 1998 and 1999. Another delegation suggested that there be a joint UNDP, UNFPA and UNICEF report to the Economic and Social Council, instead of three individual reports. Another speaker underlined the need for continued presentations of strategic evaluations by UNDP or UNFPA throughout the year.

14. Several delegations expressed support for greater flexibility in the scheduling of Executive Board sessions, including the convening of a joint UNDP, UNFPA and United Nations Children's Fund (UNICEF) Executive Board meeting to allow for an exchange of views on the impact of United Nations reform on the Funds and Programmes.

15. The Secretary noted that the draft work plan for 1998 (DP/1997/CRP.21) would be revised to take into account the decisions and comments made at the current session.

16. The Executive Board took note of the proposed work plan for 1998 (DP/1997/CRP.21), with the comments made thereon.

17. The Executive Board approved the agenda for the first regular session of 1998, as amended, including a joint segment with the UNICEF Executive Board.

Statement of the Administrator

18. In his welcoming statement, the Administrator informed the Executive Board that the main UNDP-related items to be discussed would be the 1996 financial situation; the 1998-1999 biennial budget; the resources and funding strategy; UNDP 2001 change management; and country cooperation frameworks, the regional cooperation framework for the Arab States and the global cooperation framework. An oral update on the Reserve for Field Accommodation would be given later in the week. He then gave an overview of key developments since the annual session of the Board, including the expectations regarding the United Nations Development Group put forward by the Secretary-General in his Track II reform proposals.

19. In launching the discussions, the Administrator informed the Executive Board about how programme delivery had been improved, how UNDP proposed to implement Executive Board decision 97/15 and the United Nations reform package announced by the Secretary-General with a no-growth budget in real terms for 1998-1999, and how UNDP was seeking ways to ensure a more sustainable funding strategy. He underlined the vibrancy of the work of UNDP at the country level, and the ways in which UNDP was helping to make a difference in developing countries. However, he noted, just at the time when UNDP had been a leader in unprecedented reform in the United Nations and in UNDP, when country offices were implementing more focused programmes with greater impact, and when UNDP could make more of a difference in the lives of the poor, the organization was faced with a debilitating decline in core contributions. This was in spite of the commitments made by donors both to increase official development assistance and to support the role of the United Nations in development. He was committed to leading an organization that could and did make a real difference in the lives of the poor - an organization that was being placed increasingly in jeopardy. He hoped that the Board and the donor community would support the efforts of UNDP, building on previous commitments, and assuming a new level of responsibility for the health and success of what was a uniquely valuable organization.

20. Several delegations called the Administrator's statement an important contribution to the discussion of the Executive Board. Some delegations underlined the uncertainty associated with the voluntary funding arrangements of UNDP. More commitment from decision-makers was required, including through different mechanisms that would provide long-term financing. The current situation must be reversed, many speakers noted, in particular in light of institutional changes already undertaken by UNDP. One speaker underscored the fact that UNDP had undertaken a large amount of staff cuts over the past few years and could not cut further. His delegation was likely to raise its contribution in 1998. While more predictable funding was desirable, some speakers emphasized the need for a frank exchange of views on its problems as defined by donors, as well as enhanced programme focus. More information on success stories, greater attention to monitoring and evaluation, and definition of the comparative advantage of UNDP was required. Impact and visibility were

key items. Some speakers looked forward to a useful discussion at the "Focus within the Focus" workshop, scheduled for 22 September 1997.

21. The Administrator informed the Executive Board that the decline in contributions had necessitated spreading programming originally intended for a three-year period, 1997-1999, to a four-year period, to include the year 2000. Partnerships at the country level could assist UNDP in ensuring more financing through additional non-core contributions. UNDP had done well in terms of funding when compared with some other multilateral institutions although was at a disadvantage with regard to those organizations which had assessed contributions, funding through treaty obligations, or long-term pledging systems. The total amount of resources managed by UNDP was at an all-time high of $2.4 billion. Core resources accounted for only about one third of that amount. There had been many success stories in UNDP and much progress in making the organization more efficient and effective. However, the G-7 countries had experienced huge budget cuts, which had affected the funding of UNDP. Thus, the low level of core funding was not linked to a negative performance of UNDP. On the contrary, UNDP had responded rapidly and well to current development needs through its country office network. The question that needed to be addressed was how the United Nations could be sustained as a major development organization in the world today - if it could not, it would not be sustainable for other purposes.

22. The dialogue on the subject was welcome and should be encouraged, one speaker said. The situation was quite serious, considering that further reductions could be forthcoming. The Executive Board had completed a thorough review of UNDP, which included Executive Board decision 97/15 on change management. The implementation of change must be safeguarded, including through greater accountability on the part of the Board. Reform of the funding structure of UNDP must be realized.

23. The President noted that some donor countries also took into consideration their assessed contributions to the European Commission.

24. The Administrator reiterated that UNDP was improving its performance and responding to its mandates. Systemic change was taking place, which could enable the United Nations to regain a strong development component. The role of donors and Executive Board members in United Nations reform was critical. Governments that had indicated that they were likely to reduce their funding to UNDP were requested to reconsider.

II. UNDP CHANGE MANAGEMENT

25. The Administrator delivered a statement to the Executive Board on progress made in the implementation of the change management process in UNDP, in accordance with decision 97/15. A conference room paper (DP/1997/CRP.22) provided an update to the implementation plan presented to the Board at its annual session 1997 in document DP/1997/CRP.16. Nearly 70 UNDP resident representatives had been briefed in regional meetings on the outcome of the Board's decision. The roles of UNDP resident representatives and United Nations resident coordinators had been clearly defined. In terms of their support to

the United Nations system and to their own programmes as well, members of the United Nations Development Group had two roles to play. The Administrator explained that UNDP had the additional responsibility of managing the resident coordinator system. Resident representatives had been briefed on the enhanced accountability measures and the new oversight role of headquarters units. Clear indicators would be introduced in 1998 to measure programme impact, management performance, staff empowerment and stakeholder relations. Regional meetings on change management had examined the means whereby country offices could be transformed into development centres to meet the needs of programme countries.

26. The updated implementation plan contained in document DP/1997/CRP.22 included the identification and appointment of new managers and a new structure for the organization. Other measures taken were the elimination of distinction in name between the General Service and Professional categories, the development of a Better Meetings Programme, work on the launch strategy for the subregional resource facilities and arrangements for resident representatives to participate in Executive Committee meetings twice a year.

27. The Administrator noted that Mr. Walter Franco, the manager of the change process, had taken up a new assignment as UNDP Resident Representative in Brazil. Mr. Jan Mattson had taken up his responsibilities as Assistant Administrator and Director of the Bureau for Planning and Resource Management, which was responsible for producing the organization plan, ensuring that appropriate human and material resources were utilized, and coordinating, monitoring and following-up on change initiatives.

28. The Assistant Administrator and Director of the Bureau for Planning and Resource Management introduced himself to the Executive Board, noting that he had served on the Change Management Committee and on the Transition Team established by the Administrator in 1993. He underlined the enthusiasm of his country office colleagues for the change process. Regional meetings for resident representatives in Asia and the Pacific, Africa, and Latin America and the Caribbean had been important opportunities for exchange of views. He praised the work of those who had participated in the design phase of the process for producing a better organization. A key element was ensuring that change implemented at headquarters resulted in improved service to and empowerment of country offices. A change resource guide that would document country office best practices in efficiency, effectiveness and better service was also being designed. Country offices would monitor change from the grass-roots level and expect results from headquarters. At the same time, the support and guidance of the Executive Board was counted upon. The ultimate goal was to serve programme countries and to eliminate poverty.

29. One delegation praised the quality and format of the conference room paper. The speaker requested that UNDP utilize quantitative as well as qualitative indicators in measuring the implementation of change. Another speaker underlined the need to have documentation well in advance of the meeting. Several delegations suggested holding informal meetings of the Executive Board on change management in the autumn, including with resident representatives who were visiting New York.

30. The Administrator stated that change would be incorporated in the individual compacts established with the bureaux and through regional bureau heads with resident representatives. He agreed that quantitative indicators were important. He noted that a memorandum containing information on the new structure of UNDP would be issued. While most change elements were captured within the 1998-1999 budget, extrabudgetary funding would be sought to fund certain elements of the change process.

31. The President informed the Executive Board that informal briefings would be held in the coming months on the subject.

32. The Executive Board took note of the information contained in conference room paper on change management (DP/1997/CRP.22).

III. UNDP: FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

A. Budget estimates for the biennium 1998-1999

33. For its consideration of this item, the Executive Board had before it the following documents: budget estimates for the 1998-1999 biennium (DP/1997/23); and the report of the Advisory Committee on Administrative and Budgetary Questions (DP/1997/31).

34. The Administrator introduced the item by stating that this was the first time the budget was being presented in the newly harmonized format, as approved by the Executive Board in item 5 of its decision 97/6. He mentioned that considerable work had gone into the new presentation, which had been developed jointly with UNFPA and the United Nations Children's Fund (UNICEF), and he hoped that the Board would agree that it was an improvement. He further elaborated that the combination of presenting the budget in the new format and the incorporation of the elements of the change process naturally complicated the manner in which the development of the budget proposals could be compared to the originally approved 1996-1997 budget. In that connection, he hoped that the special annex in the document had made such comparison easier. He also noted that the budget proposals responded to the actions taken by the Secretary-General in his Track I and II reform initiatives.

35. With regard to the budget proposals for the biennium 1998-1999, the Administrator stated that in accordance with the strategy outline presented to the Executive Board at its regular session in 1997, the proposals did not incorporate growth in real terms. Taking into account projected income, the 1998-1999 budget in real terms would be within less than 2 per cent of the net budget approved for 1996-1997 - very close to a no-growth budget in nominal terms. However, the new budget had not been designed to preserve the status quo, but contained many elements that were crucial for the implementation of the change process, including an important organizational restructuring and also a further shift of resources to the country level. The new budget supported the new UNDP and was essential to give the new UNDP an opportunity to succeed in the new biennium.

36. The Administrator then highlighted the main principles that guided the implementation of change as reflected in the budget proposals, namely: (a) the decentralization of operational and substantive capacities to the subregional and country levels; (b) management controls, with review and reporting on an ex-post facto basis; (c) management systems, including those for finance, human resources and information, which were designed to empower country offices with ex ante authority and timely management information; and (d) a headquarters that had been redesigned to carry out strategic functions.

37. The Administrator said that he was aware that the proposals resulted in an increase in the relative share of total resources that would be allocated for the biennial support budget. This, in turn, had resulted from voluntary contributions not having reached the planning targets set by the Executive Board in its decision 95/23. In that connection, a new round of budget reductions dictated by short-term resource considerations would have negative and irreversible consequences for UNDP in the long term. As the Board was aware, UNDP had already gone through six years of stressful and time-consuming downsizing, which had had negative effects on staff morale and on the capacity of the organization as a whole.

38. The Administrator then set before the Executive Board his arguments as to why additional downsizing was not warranted. First, most of the proposed UNDP budget had been allocated for staff and most of those staff members worked in country offices. It was vital to recognize that the recent dramatic changes in the nature of UNDP programmes from simply providing funds to providing knowledge-based services required that the organization become more staff-intensive. Now more than ever, UNDP staff were the most important resource that UNDP could offer at the country level, and such a capacity could not be easily rebuilt.

39. Second, the Administrator stated that the last six years of downsizing had cut the fat out of the UNDP budget, and had in fact cut into the muscle and bone of the organization, leaving it weakened in numerous areas. While there were economies of scale in programme delivery, UNDP had reached the point where decreases in programme resources did not imply that administrative costs could also be reduced without changing the fundamental nature of the organization. Delivery of quality programmes and other core responsibilities, he said, would be adversely affected, and organization's success in programmes would be greatly damaged.

40. Third, the Administrator stressed the importance of the UNDP 2001 change process to programme countries and to UNDP itself. The change process was an intensive one, which required maximum attention over and above the normal activities of UNDP. In that context, UNDP management and other staff would not be able to absorb another two years of downsizing while sustaining normal activities and devoting highly motivated attention to implementing fundamental changes. The organization needed a period of consolidation to incorporate the major changes and reforms adopted in recent years.

41. Fourth, further reductions would seriously affect the organization's ability to maintain its country office network. Such reductions would also have important implications for the support that the UNDP country office network must

provide to the operational activities of the United Nations system as a whole, including to the resident coordinator system. The Administrator referred to the new study in the document that indicated that the workload in country offices associated with support to the United Nations system had increased from 29 per cent to 34 per cent.

42. The Administrator stated that the legislative responsibilities of UNDP with regard to the resident coordinator system required financial commitments. The General Assembly had repeatedly confirmed that the UNDP Resident Representative would normally be the United Nations Resident Coordinator and that the Resident Coordinator, in turn, would normally be the United Nations Humanitarian Coordinator. He further stated that the Track I and II reforms announced by the Secretary-General required UNDP to continue to fund and manage the resident coordinator system and that the responsibilities of the resident coordinator, as the leader of the United Nations country team, should be increased. UNDP, the Administrator said, was increasingly needed as a coordinating, unifying and synthesizing force, without which all development activities of the United Nations would suffer. The organization's responsibilities required maximum coverage of countries by the resident representative/resident coordinator system, which remained a crucial aspect of the universality of the United Nations.

43. It was difficult, the Administrator said, to predict with certainty future patterns of official development assistance (ODA), and thus, the organization's own regular resources. Accordingly, discussions on the development of a sustainable funding strategy were important. Were ODA to begin to increase rather than to decrease further, cutting valuable capacities to accommodate the short-term scenario would be imprudent. The Administrator stated that he recognized that if ODA continued to decline, resulting in a further decline in UNDP regular resources, another round of downsizing would be inevitable. However, he cautioned, any such downsizing would have an impact on the fundamental nature of the organization, not only as it related to UNDP programme activities, but also in the context of the operational activities of the United Nations. While there would continue to be opportunities for achieving general efficiency gains, there would, however, be a limit to which such gains could continue to be identified and implemented.

44. Regarding other (non-core) resources, the Administrator stated that continued growth was foreseen, and that their relationship with regular (core) resources would continue to be reviewed carefully. The subject would be addressed at the first regular session in 1998.

45. The Administrator then briefly outlined the proposals related to income in the budget proposed for the biennium 1998-1999 and their effect on net appropriations. UNDP would continue to aim at achieving a substantial increase in income by collecting government contributions towards local office costs (GLOC). In that connection, he proposed the introduction of a new element regarding the coverage of shortfalls. Other elements proposed were a more appropriate presentation of the refund to staff members for income taxes levied by Member States on income derived from UNDP, and an income line to offset the gross budget of United Nations Volunteers (UNV).

46. Referring to some of the points raised by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) in its report (DP/1997/31), the Administrator relayed his appreciation of the constructive, open and frank discussions UNDP had had with the Committee. On the overall resource situation, he referred to his earlier comments on the subject. On UNDP support for the operational activities of the United Nations, he said that he was confident that the results of studies UNDP had undertaken were realistic.

47. On the point raised by ACABQ about the number of high-level posts at headquarters following considerable restructuring, decentralization and delegation of authority to the field, the Administrator stressed that post levels should appropriately reflect the levels of responsibility and accountability assigned to them. He said that such post levels had been confirmed in the context of the change process. He further elaborated that a headquarters redesigned to carry out important strategic functions and oversight could be expected to employ staff at higher levels. Moreover, as a result of the previous downsizing at headquarters, which had been considerable, responsibilities and accountability rested on fewer staff members.

48. On the Committee's recommendation that levels of the heads of the regional bureaux should be the same, the Administrator referred to his comments on the subject to the Executive Board at its annual session 1997, and looked forward to further discussion during the session.

Summary of discussions

49. Many delegations expressed appreciation for the Administrator's statement. In welcoming the new harmonized budget presentation, several delegations commended the Administration for a good, clear and transparent budget document. They also stated their appreciation for the incorporation of the change process in the budget. Several delegations said that the implementation of the change process was crucial to the organization's viability. They were also appreciative of the shift of resources from headquarters to country offices.

50. Many delegations agreed with the Administrator that UNDP should not make budget cuts since the organization had already cut its budget a number of times. They expressed concern about the ongoing capacity of UNDP if further reductions were to be effected. Some delegations appreciated the Administrator's proposal for close-to-zero real growth in the net budget. Some delegations expressed their concern about the 7 per cent growth rate in the gross budget. One delegation was concerned about the hypothetical nature of the projected increase foreseen in revenue. The same delegation particularly regretted that, given the decrease in contributions received by the organization, the administrator had not considered a zero-growth budget for administrative costs in order to ensure that the maximum amount of resources were reserved for programmes.

51. Some delegations referred to the important role UNDP played and were concerned that further reductions could have a negative impact on the organization. Others said that any further reductions should be reviewed in the context of the ongoing United Nations reform process.

52. Several delegations, however, expressed their concern that administrative costs were increasing, and stressed that such costs should be kept down. Some delegations proposed that UNDP should consider closing some country offices.

53. A number of delegations said that, as noted by ACABQ, the allocation of 29 per cent of total resources for the biennial budget was not in line with Executive Board decision 95/23, in which the Board had indicated that the proportion was to be 24.1 per cent. One delegation mentioned that decision 95/23 was based on a positive outlook on income, a perspective that had now changed and therefore needed to be addressed by the Board.

54. Some delegations said that UNDP had been doing its best to reduce its costs and had succeeded. UNDP could not continue to cut its budget without ultimately decreasing its capacity. In that regard, delegations asked what the role of the Executive Board should be in helping UNDP to improve its resource situation.

55. One delegation requested information on the cost of implementing UNDP 2001. Another delegation asked about the impact of the savings on UNDP salary costs, following the separations of staff members over the recent bienniums.

56. One delegation noted a lack of justification for having 45 offices in countries where the core resources allocated for programmes were less than $3 million. The same delegation stated that such offices could be covered through a regional presence and suggested that UNDP review its country office network.

57. One delegation was concerned that the costs of supporting non-core resource programmes were being subsidized by regular resources, especially in the Latin America region. The same delegation agreed with ACABQ that non-core resource programmes must bear their own costs.

58. Some delegations were concerned about whether the UNDP non-core resource programmes were within the sustainable human development framework and questioned whether UNDP should get involved in such free-standing activities. They looked forward to the discussions on the subject at the first regular session 1998. One delegation said that it was essential to mobilize resources through joint cost-sharing.

59. Some delegations expressed appreciation for the increase of resources for country offices, including the establishment of the subregional resource facilities (SURFs). The same delegations appreciated the equal treatment in the staffing of country offices. Some delegations were concerned about the reduction in the number of staff in the Africa and Arab States regions while the number of staff was being increased in the Europe and Commonwealth of Independent States region. One delegation said it would follow the issue of staff reductions in the Africa region closely. Another delegation recalled the decision of the United Nations to give priority to development in Africa, which it strongly supported.

60. Some delegations stated their appreciation for UNDP work in the Europe and Commonwealth of Independent States region and supported the strengthening of staff capacity in that region by comparing existing staffing levels in country

offices in the region with similar staffing levels in programmes in other regions.

61. Some delegations cited one of the recommendations of ACABQ, namely that the heads of all the regional bureaux should be at the same level, in line with Governing Council decision 71/14 (see E/4954, para. 52 (b)). In that context, they requested a decision from the Administrator on the level of the head of the Regional Bureau for Europe and Commonwealth of Independent States.

62. Some delegations supported the Administrator's proposals on support to the operational activities of the United Nations. Some delegations felt that other United Nations agencies benefiting from the support should also share in funding that support, including costs related to the resident coordinator system. One delegation expressed concern about the increasing costs of support to the operational activities of the United Nations.

63. One delegation noted that the key feature of the budget was prudence and reality and said that the budget was a modest one. Another delegation noted the Administrator's wish to be optimistic about increases in the level of ODA. In that regard, many delegations stressed that the discussions on a funding strategy were important.

64. A few delegations indicated a need for caution in approving the budget, and said that the general resource situation of UNDP should be reassessed in 1998.

65. Some delegations were concerned about the infrastructure expansion necessitated by the establishment of SURFs, in a period of resource constraints. Some delegations also felt that the role of SURFs needed to be better defined.

66. Some delegations referred to the ACABQ comments on the number of high-level posts. They thought that with extensive decentralization, those posts should be reviewed for possible reclassification. One delegation said that the Executive Board should also review the allocation and number of posts at the Assistant Secretary-General level.

67. One delegation suggested that UNDP should consider using contract staff in view of its flexibility to adapt based on the resource situation.

68. Many delegations stressed that it was important that the Executive Board not separate policy from the budget in future. They said that all policy decisions should be made with full knowledge of the cost implications. For example, only by discussing the budget estimates for the biennium had the costs of the SURFs become available. One delegation stressed the need for a close link between the programme support budget and the programme itself.

69. Some delegations mentioned that they would be maintaining their level of voluntary contributions while two delegations referred to reductions in their contributions. Another two delegations referred to possible increases in their voluntary contributions.

70. Some delegations considered that it was the responsibility of the Executive Board to ensure the financial stability of UNDP and to address the implications of reduced voluntary contributions.

71. On the projected resources for the biennium 1998-1999, some delegations thought that a prudent estimate would be $800 million per year.

72. Some delegations were concerned about the potential downward adjustment in country programmes because of shortfalls in payments related to GLOC. The same delegations expressed concern about the impact of the new mechanism on low-income and least developed countries (LDCs). One delegation said that the criteria that allowed for certain costs of net contributor countries to be borne by UNDP needed to be reviewed.

73. One delegation questioned the amount allocated to the Operations Support Group. The same delegation also stated that the role of the Group was still not clear.

74. Making reference to the Secretary-General's reforms, one delegation said that it viewed UNDP as a leading international development institution, particularly in terms of the resident coordinator system, which successfully utilized its own resources as well as mobilized additional resources. One delegation requested clarification of the role of the United Nations Development Group. Another delegation also stressed that UNDP should ensure maximum cooperation among United Nations organizations, in line with the Secretary-General's reform proposals, such as in the areas of common premises and systems development.

75. One delegation asked whether there would be savings through increased cooperation at the country level through common services.

76. One delegation commented that UNDP programmes in the Latin America region were dynamic. Reduced regular resources for UNDP would also have an impact on the effectiveness of the organization in mobilizing resources crucial to developing economies, including non-core resources.

77. One delegation stated that UNDP played a crucial role in development and was concerned that any further reductions would have a negative impact on the organization. Another delegation noted his country's appreciation of the assistance received from UNDP as his country moved from crisis to development.

78. On the subject of the Secretary-General's Track I reforms, one delegation asked how the incorporation of those reforms could be identified in the budget. The same delegation also commented on the increase in the number of staff in the Bureau of Resource Mobilization and External Affairs (BREA) and the Bureau for Planning and Resource Management (BPRM). On the subject of BPRM, the delegation asked whether its large size would assist or hinder its ability to carry out its crucial functions. The same delegation also mentioned that the goals and objectives for budget allocations could not be identified and outputs could therefore not be assessed.

79. Some delegations questioned the increase in the overall number of posts. One delegation requested information on core staff since 1991 and the current age distribution of UNDP staff. On the new staffing formula for UNV, one delegation asked why the Administrator was proposing a new formula for UNV when the existing one was working well. The same delegation also inquired as to why the programme cycle had been extended from a period of three years to four years.

80. One delegation expressed concern that the income forecast for the United Nations Development Fund for Women (UNIFEM) seemed unrealistic, and as such, the budget was also too high and therefore needed to be brought in line with a more realistic income projection.

81. While agreeing that the country office network assisted the United Nations system, one delegation thought that it was too costly for UNDP. The delegation suggested that UNDP look at alternatives for reducing costs, such as the posting of national liaison officers, as was currently done in a few offices in the Europe and the Commonwealth of Independent States region.

82. One delegation asked for clarification on the comment by ACABQ that Development Support Services (DSS) and SURFs were overlapping resources. Another delegation asked why DSS needed to have a separate biennial budget line and suggested that it should fall under programme resources.

83. One delegation inquired whether there was any separate financing from other members of the United Nations family in support of the Office of United Nations Support and Services (OUNS). Another delegation requested information as to what items were included under the budget lines "central".

Response of the Administration

84. The Administrator thanked the delegations for their words of appreciation for the budget document and the new harmonized presentation. He also expressed his gratitude to delegations that mentioned that they were increasing or maintaining their level of voluntary contributions.

85. With regard to whether the UNDP presence was overextended in many countries, the Administrator said that programme countries had manifested a strong desire for the UNDP presence as a crucial partner in development, in addition to direct access to a resident representative/resident coordinator.

86. On the subject of non-core resources, the Administrator considered such resources as integral to the overall mission of UNDP, and said that he did not see any inconsistencies in the organization's overall non-core resource programmes.

87. Regarding the level of the heads of all regional bureaux, the Administrator stated that they were all at the level of Assistant Administrator. On the subject of increasing the number of Assistant Secretary-General posts, he said that that was a matter for the Executive Board. However, he reiterated his position that it did not seem to be the appropriate time to create additional Assistant Secretary-General posts.

88. On the linkage between programmes and the budget, the Administrator said that programmes had been fully taken into account, including target for resource assignment from the core TRAC allocations, in the formulation of the budget.

89. With regard to the reforms proposed by the Secretary-General, UNDP had incorporated the support and management of the resident coordinator system within the UNDP 2001 change process as well as in the 1998-1999 budget. The Administrator further elaborated on the historical link between the resident representative and the resident coordinator, who in most cases were the same individual. At the country level, UNDP had been the hub of the United Nations system, with strong programmatic and historical linkages.

90. On the role of the United Nations Development Group, the Administrator mentioned that its purpose was to improve and strengthen management at the country level. The Group would be responsible for the selection criteria for the resident coordinators. It would also follow up on the various General Assembly decisions directly relating to the mandate of the Group as a whole.

91. On the subject of SURFs, the Administrator observed that their role and functions had been discussed with the Executive Board in the context of UNDP 2001. He stated that two SURFs in Asia had already shown positive results and that SURFs were a good way to provide substantive support at the subregional level. The Administrator also noted that SURFs would be able to support some of the concepts outlined by the Secretary-General in his reform proposals.

92. With regard to common services, the Administrator said that UNDP was moving ahead in that area. In some countries, UNDP shared office space under common premises. However, the cost implications of moving into common premises remained an ongoing issue that needed to be addressed by the United Nations family at the country level.

93. On the increase in the budget for support to operational activities of the United Nations relating to country offices, the Administrator stated that the increase was due to inflation and currency adjustments. With respect to other United Nations agencies sharing in those costs, support to operational activities was a UNDP responsibility and therefore was financed by UNDP; thus, the management of the function was straightforward.

94. The continent of Africa, the Administrator said, remained extremely important and received priority attention. However, the United Nations also worked in other regions where there were developing countries that required UNDP support.

95. On the subject of the less than 2 per cent net increase in the budget, the Administrator said that UNDP did not think that the increase was high. However, if the Executive Board so desired, he was willing to reduce the increase to arrive at zero net growth.

96. With regard to the financing of OUNS by other members of the United Nations family, the Administrator said that UNFPA, UNICEF and the World Food Programme were contributing staff.

97. Regarding which staff members paid taxes and to which countries, the Director of the Budget Section said that the information was available in the records of the organization.

98. On the subject of country office staffing financed from regular resources, the Director of the Budget Section stated that the allocation of such staff was based on the country TRAC allocations in each region.

99. With regard to GLOC, the Director of the Budget Section said that the current mechanism took into account the ability of countries to pay - countries with the lowest per capita income received a 75 per cent waiver. Currently, UNDP collected approximately $40 million per biennium. The total projection for GLOC for the biennium 1998-1999 might not be fully met but the organization would do its best through existing and newly introduced mechanisms to encourage programme countries to meet their obligations. He noted the endorsement of the principles of GLOC by some delegations from programme countries.

100. On the subject of support to non-core programmes, the Director of the Budget Section said that a legal basis existed for fees to be charged for such support. The UNDP Financial Regulations and Rules asked for reasonable costs to be covered. He also noted that the Executive Board had been approving country cooperation frameworks with substantial cost-sharing programmes. Furthermore, the subject of non-core resources would be addressed by the Board at its first regular session 1998.

101. The Director of the Budget Section noted that 40 per cent of the costs relating to the headquarters and country office operations for the Regional Bureau of Latin America and the Caribbean was covered by the regular budget while the remaining 60 per cent was covered by fees from non-core programmes.

102. With regard to the increase in staff costs by 8.3 per cent, the Director of the Budget Section said that the increase was due to mandated salary increases, such as increases in salary scales, among other things.

103. On the subject of the renegotiation of current headquarters leases, the Director of the Budget Section said that such renegotiation had already been completed, resulting in a savings of $6 million for the biennium.

104. Regarding the overall increase in the number of staff, the Director of the Budget Section said that the increase was minimal and limited to local staff in country offices. On the use of contract staff, he said that UNDP had already increased the number of such staff for certain functions, under new contractual modalities. The staffing of SURFs would be achieved through redeployment of posts from headquarters and therefore there would be no increased cost to the organization. He reiterated that there would be a pilot phase in the introduction of the SURFs and that the concept would be expanded only after positive evaluations of the pilot phase.

105. On the cost of implementing UNDP 2001, the Director of the Budget Section said that it amounted to $25 million. He also mentioned that UNDP was saving an estimated $46 million in salary costs in the 1998-1999 budget, owing to the downsizing of the previous three bienniums. Regarding savings through common

premises, he said that UNDP had already benefited from such savings. However, there were no specific proposals in the budget with respect to common services in the context of United Nations reform proposals as more time was needed to assess and quantify the implications of UNDP participation.

106. With regard to DSS, the Director of the Budget Section said that DSS was basically a consultancy resource for country offices, and was shown under a separate budget line because the Executive Board had wanted to emphasize its special use, namely, the provision of substantive support through mainly local consultancies. He said that DSS and SURFs were not overlapping mechanisms but would rather strengthen substantive capacity at the regional and country levels through a combination of resources.

107. On the income projection for UNIFEM, the Director of the Budget Section said that the forecast was in line with the UNIFEM business plan submitted to the Executive Board at its annual session 1997, which had received strong support. Increases in the budget were mainly due to post reclassifications, which were also in line with the business plan and the presentation of the budget in the harmonized format.

108. Regarding the increase in the budget for BREA, the Director of the Budget Section said that the increase had taken into account, among other things, the Executive Board's request to strengthen BREA. As for the size of BPRM, he said that the combination of the resource planning and resource management functions would help the Administrator to strengthen the organization's capacities in those crucial areas, and that the size of the bureau would not have an adverse impact on its ability to deliver services.

109. On the subject of output budgeting, the Director of the Budget Section said that it was a complex matter, and that UNDP - as well as other agencies in the United Nations system - looking into it.

110. The adjustments in the Africa region were in line with UNDP 2001. There were no substantial decreases in the number of staff in the region; for the most part, there were redeployments in connection with SURFs and the Operations Support Group, both of which provided support for the region in its work. Furthermore, the decrease in staff costs was mainly due to bringing into line total staff costs after the various reductions in the previous bienniums.

111. Regarding the duration of the programme cycle being expanded from three years to four years, the Director of the Budget Section said that it was required as a result of the current level of voluntary contributions.

112. On the new staffing formula for UNV, the Director of the Budget Section said that the Executive Board had requested that UNDP review the existing formula, and that the new formula took into account economies of scale, which the Board as well as ACABQ had always desired.

113. The Director of the Budget Section then stated that specific requests by delegations for additional information would be dealt with on a bilateral basis.

Government contributions towards local office costs

114. The delegation of Brazil took the floor before the adoption of decision 97/24 on the budget estimates for the biennium 1998-1999 (see below) to reiterate its full support to the principle that all countries must fulfil their commitments to international organizations. He noted that, since paragraph 3 of part I of the draft decision corresponded to the will of the majority of the Executive Board, his delegation would not oppose it. However, his delegation wished to comment that by authorizing the Administrator to establish a "programme linkage" mechanism, as discussed in paragraphs 57-61 of document DP/1997/23, the Board was creating a new mechanism to cover shortfalls in GLOC, without investigating the causes of such shortfalls. His delegation was also concerned that the mechanism of "programme linkage" could have a negative impact on international cooperation, as the mechanism reallocated financial resources originally destined for development operations to cover administrative expenditures. Considering that local costs of UNDP country offices could increase up to 80 per cent from one year to the next, lack of appropriate consultation with programme countries or the Board could lead to the risk that, in the short-term, core resources allocated to some countries could be substantially reduced or redirected to cover only operational expenditures. That possibility introduced an element of uncertainty for programme planning. The Administrator was requested to present in 1998 a report on mechanisms to increase the administrative and financial transparency and accountability of country offices, in consultation with programme countries.

115. The President informed the Executive Board that the request made by the delegation of Brazil would be discussed by the Bureau, within the regional groups, and then placed in the programme of work for 1998.

116. The Executive Board adopted the following decision:

97/24. Budget estimates for the biennium 1998-1999

I. UNDP

The Executive Board

1. Takes note of the report of the Administrator on the biennial support budget estimates for the biennium 1998-1999 as contained in document DP/1997/23, which incorporate elements necessary for the implementation of the UNDP 2001 change process approved by the Executive Board in decision 97/15; and also takes note of the report of the Advisory Committee on Administrative and Budgetary Questions (DP/1997/31);

2. Welcomes the new format for the presentation of the budget in line with decision 97/6, item 5, on the harmonization of budget presentations;

3. Approves the proposals by the Administrator as contained in paragraphs 57 to 61 of document DP/1997/23, including with regard to the collection of government contributions towards local office costs, taking into

account the special circumstances of low-income countries, including small island developing States;

4. Approves the proposal by the Administrator as contained in paragraphs 103 to 114 of document DP/1997/23 on the staffing formula for adding supplementary staff at United Nations Volunteers headquarters;

5. Takes note of the report of the Administrator on development support services as contained in paragraphs 116 to 125 of document DP/1997/23;

6. Requests the Administrator, in accordance with the existing legal framework of the United Nations Development Programme, in particular Governing Council decision 71/14, and taking into account the recommendations of the Advisory Committee on Administrative and Budgetary Questions, to ensure that all the heads of the regional bureaux are accorded the same rank and to amend the budget for the 1998-1999 biennium accordingly; and to review the numbers of high-level positions at headquarters, as recommended by the Advisory Committee;

7. Approves gross appropriations in the amount of $590,593.500 for the purposes indicated below and resolves that income estimates of $72,127,000 shall be used to offset the gross appropriations, resulting in estimated net appropriations of $518,466,500;

1998-1999 biennial support budgets
(Thousands of United States dollars)

Programme support:	
Country offices	273 864.2
Headquarters	64 810.2
Subtotal	338 674.4
Management and administration	127 019.5
Support to operational activities of the United Nations:	
Country offices/OUNS	98 913.0
Inter-Agency Procurement Services Office	3 896.6
United Nations Volunteers	30 880.3
Subtotal	133 689.9
Total gross appropriations	599 383.8
Adjustment	(8 790.3)
Adjusted total gross appropriations	590 593.5
less: Estimated income	72 127.0
Estimated net appropriations	518 466.5

8. Authorizes the Administrator, to redeploy resources between appropriation lines up to a maximum of 5 per cent of the appropriation line to which the resources are redeployed;

9. Requests the Administrator to report to the Executive Board at its third regular session 1998 on progress in implementing the biennial support budget for the biennium 1998-1999, taking into account relevant developments in the interim, including, inter alia, United Nations reform, progress on the implementation of the UNDP 2001 change process, the review of levels of core contributions, the effect of currency exchange fluctuations, the nature and type of country presence, taking into account the operational complexity of the programme, and the Executive Board discussions on other resources and, at that time, to make any necessary recommendations.

II. FUNDS

1. Takes note of the report of the Administrator on the biennial support budget estimates for the biennium 1998-1999 for the United Nations Capital Development Fund, the United Nations Fund for Women, the Office to Combat Desertification and Drought and the United Nations Revolving Fund for Natural Resources Exploration, as contained in document DP/1997/23;

2. Welcomes the new presentation of the budgets in line with decision 97/6, item 5, on the harmonization of budget presentations;

3. Approves gross appropriations for each of the Funds as follows:

1998-1999 biennial support budgets
(Thousands of United States dollars)

	UNCDF	UNRFNRE	UNIFEM	UNSO
Total appropriations	12 864.0	1 532.8	10 695.2	5 852.4

4. Requests the Administrator to report to the Executive Board at its third regular session in 1998 on progress in implementing the biennial support budget for the biennium 1998-1999 for each of the funds, taking into account relevant developments in the interim and, at that time, to make any necessary recommendations.

19 September 1997

B. Annual review of the financial situation, 1996

117. The Acting Assistant Administrator and Director, Bureau for Financial and Administrative Services, introduced the reports of the Administrator on the annual review of the financial situation, 1996 (DP/1997/24), detailed information relating to the 1996 annual review of the financial situation (DP/1997/24/Add.1), and the status of management services agreements (MSAs)

(DP/1997/24/Add.2); the report on subcontracts awarded and major equipment ordered produced by the Inter-Agency Procurement Services Office (DP/1997/25*); and the report of the Administrator on information on United Nations system technical cooperation expenditure, 1996 (DP/1997/30), and its addendum on information on United Nations system regular and extrabudgetary technical cooperation expenditures financed from sources other than UNDP, 1996 (DP/1997/30/Add.1).

118. Many speakers commented on the improved format and clarity of presentation of information in the annual review of the financial situation, 1996. Of primary concern to most delegations was the continuing reduction of voluntary contributions to UNDP core resources, which had led to a situation in which the planning figure of $3.3 billion in core contributions for the period 1997 to 1999 included in Executive Board decision 95/23 could not be realized. The fact that country cooperation frameworks were thus being implemented at only about 70 per cent of the expected level was noted by several speakers. One speaker, on behalf of the African Group, underlined the concern about the core resource situation and hoped that UNDP would soon be on more stable financial ground, as reduced core contributions were directly linked to an increase in poverty and a decrease in economic and social progress. It was hoped that developed countries would resume responsibility for their obligations to UNDP in order that United Nations reform could take place. Some speakers foresaw cash management problems resulting from the situation as presented. Some delegations cited the need for payment of GLOC owed to UNDP.

119. Several queries were raised by one delegation, including with regard to contributions to UNDP from the private sector, on the rental of local offices, and about the maintenance of the operational reserve in United States dollars. Some speakers requested the inclusion of projections of the financial situation for two succeeding years in future reports.

120. The need to analyse the financial situation of UNDP in light of overall United Nations reform was underlined, including with regard to decreased administrative budgets and enhanced audit and monitoring systems. One speaker stated that UNDP had a distinctive role in the United Nations and had performed well. In that regard, all donors had a responsibility to fulfil their mandate.

121. Late payments of pledged contributions were another cause for concern for many speakers. Some delegations favoured the development of new funding mechanisms, including multi-year negotiated pledges. Round tables and expanded consolidated appeal processes were possible options. One delegation, supported by several others, suggested that payments of core contributions be made in four equal instalments throughout the course of the year, as a means to enhance predictability of funding. Several delegations noted that the present discussion was linked to the development of a new funding strategy by UNDP, which would be taken up by the Executive Board in the coming months. Some speakers questioned the likelihood that contributions to UNDP would increase as stated in paragraph 39 of DP/1997/24.

122. While the strong United States dollar had led to a decline in the converted value of contributions made in other currencies, it was noted that it had

benefited UNDP with regard to programme costs for country offices, which often had expenses in dollars.

123. The improvement of programme delivery rates and resultant lowering of liquidity levels was noted with satisfaction by many delegations. It seemed to some speakers, however, that the high rate of programme delivery could not be maintained. In that regard, one speaker suggested that the rate of programme delivery should be commensurate with the amount of funding, and stated that the $200 million level of the operational reserve should be maintained.

124. According to many delegations, the continued rise in non-core contributions had led to the need to hold an in-depth discussion on the issue, including on how those contributions would be reported to the Executive Board. Some speakers underlined the need to have a separate annual accounting to the Board on non-core contributions. Several delegations underscored the need for non-core contributions to be used for capacity-building in programme countries. It was noted that reporting on and processing non-core contributions often added to the administrative workload of UNDP. The President stated that the Board would take up the issue at its first regular session 1998.

125. Queries were raised about the administrative arrangements relating to MSAs, including whether, statistically, the resources were considered to be part of UNDP resources. Some delegations requested that greater analysis on the use of MSAs be provided to the Executive Board, including with regard to the subcomponents of those agreements. Information was sought on the degree of competition for the contracts, cost-recovery by UNDP and the United Nations Office for Project Services (UNOPS), and whether the UNOPS unit that managed the MSAs was being funded from UNDP core resources.

126. One speaker noted that while there were no specific comments on document DP/1997/30 and its addendum, it was a useful resource and should be continued.

127. The Acting Assistant Administrator responded to the questions and comments raised. She noted that many of the interventions referred to non-core contributions, an issue that would be addressed by the Executive Board at its first regular session 1998. The statements on obtaining more predictable funding were welcomed. She confirmed that the accounting of cost-sharing would be separated from that of core resources in reports for the 1998-1999 biennium. In response to a query raised regarding arrears in payments on pledged contributions, she explained that only $25 million was now in arrears for core contributions and that, technically, there could not be arrears for cost-sharing contributions. The request for forecasts in the annual review of the financial situation was noted.

128. MSAs would be taken up in more detail under the discussion of the UNOPS budget during the session. In response to the queries raised, she explained stated that MSAs were managed by UNDP because UNOPS, as an executing agency, needed to cooperate with a funding organization such as UNDP in order to engage in such activities. Activities needed to be in harmony with the mandate of UNDP. According to custom, UNOPS was the sole implementing partner of MSAs, but it was not compulsory that they be implemented by UNOPS. UNDP did not provide core funding to UNOPS.

129. With regard to the other queries raised, she stated that maintaining the operational reserve in United States dollars protected UNDP and noted that the issue would be taken up bilaterally with the delegation that had raised the question. A private-sector contribution from the Hewlett Packard Corporation had involved provision of equipment to the Sustainable Development Networking Programme and not procurement. The issue of the Reserve for Field Accommodation would be taken up later in the session. The Acting Assistant Administrator noted that, with regard to common premises, the organizations of the Joint Consultative Group on Policy would not be approached at the present time for payments.

130. The Executive Board took note of reports of the Administrator on the financial situation, 1996 (DP/1997/24), detailed information relating to the annual review of the financial situation, 1996 (DP/1997/24/Add.1), and the status of management service agreements (DP/1997/24/Add.2); the report on subcontracts awarded and major equipment ordered (DP/1997/25*); and the report of the Administrator on information on United Nations system technical cooperation expenditure, 1996 (DP/1997/30) and its addendum on information on United Nations system regular and extrabudgetary technical cooperation expenditures financed from sources other than UNDP (DP/1997/30/Add.1).

IV. RESOURCES AND FUNDING STRATEGY

131. The Administrator introduced the conference room paper on the development of a sustainable funding strategy for UNDP (DP/1997/CRP.23). The aim of the paper was to initiate discussion on a realistic funding strategy for UNDP. The strategy needed to be worked out as a compact between the Executive Board and UNDP. Executive Board decision 94/14, which defined the mandate of UNDP, was reinforced by the Secretary-General in his reform proposals, in particular in the emphasis he placed on the United Nations role in development. In that regard, the Administrator underlined his commitment to fulfilling both the envisaged role of UNDP in the Track II proposals of the Secretary-General as well as reform within UNDP itself. However, in order to fulfil those mandates, UNDP needed adequate funding.

132. To qualify for such funding, the Administrator expressed his commitment to the Executive Board to ensure that UNDP fulfilled the implementation of UNDP 2001, in accordance with Executive Board decision 97/15; reported back to donors on the use of their contributions; and identified new mechanisms for raising funds.

133. The increasing number of contributions from programme countries, despite their limited financial resources, was particularly welcomed. Programme countries had a key role to play in ensuring the successful implementation of a funding strategy by ensuring the maximum impact on development of the resources made available through UNDP, reporting on results achieved and their need for UNDP assistance, and contributing resources to UNDP.

134. The Administrator also noted that there could be no successful funding strategy for UNDP without the ownership and commitment of the donor community. He emphasized that the downward trend in official development assistance must be

reversed if UNDP was to respond meaningfully to the demands for support from a diverse range of programme countries. Donors could help UNDP by clarifying their expectations, concerns and interests; by sharing critical information on how UNDP could best promote itself; and by translating legislation adopted into concrete financial terms.

135. The conference room paper had been intended as work in progress, as well as a tool for stimulating discussion. The exchange of ideas with the Executive Board would provide an essential contribution towards developing a comprehensive funding strategy for UNDP. The Board could discuss such issues as mobilizing core resources to enable UNDP to meet the needs of programme countries and to fulfil its role in United Nations reform, as well as determining the responsibilities of programme countries, donors, UNDP and the Executive Board in that regard. Informal discussions on the basis of document DP/1997/CRP.23 would begin later in the year.

136. The Executive Board decided to continue consideration of UNDP resources and funding strategy at its first regular session 1998.

V. UNOPS: FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

137. The Executive Director introduced the four reports before the Executive Board pertaining to UNOPS: risk management, reserves and surplus income (DP/1997/26); follow-up to recommendations of the report of the Board of Auditors (A/51/5/Add.10) (DP/1997/27); the report of the Advisory Committee on Administrative and Budgetary Questions (DP/1997/28); and the revised budget estimates of the biennium 1996-1997 and budget estimates for the biennium 1998-1999 (DP/1997/29).

138. With regard to the budget estimates, the Executive Director noted that UNOPS performance through the month of August, both in terms of business acquisition and service delivery, gave clear indications that the targets specified in the UNOPS business plan and budget proposals were realistic and attainable. He also elaborated on some of the considerations that had influenced the UNOPS proposals for risk management and the level of the UNOPS operational reserve. The Executive Director announced the informal distribution of the 1997 business plan, 1996 financial statements, statistical trend tables, and two new brochures on cooperation with the International Fund for Agriculture and Development and on management services agreements.

139. Twelve delegations took the floor to comment on the documents, each of which expressed satisfaction with the financial picture presented by UNOPS, with one delegation expressing hope that the business-like approach of UNOPS might serve as an example for other United Nations organizations. Several delegations asked for further details about the intentions of UNOPS with regard to the information systems area, with some delegations recommending that UNOPS familiarize itself with approaches being taken by the United Nations Children's Fund (UNICEF). A number of delegations requested additional clarification on the UNOPS decentralization plans and on its efforts to diversify its client base. Several delegations urged UNOPS to ensure that audit recommendations were carried out while some requested further details on some of the recommendations.

140. A number of delegations commented on the recommendation of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) that the division of labour between UNDP and UNOPS be reviewed, with several endorsing the recommendation and others requesting the views of the Executive Director on the issue.

141. With regard to the proposed reserve level, one delegation expressed concern that the level might be too low and inquired as to where ultimate liability would lie if the reserve proved insufficient.

142. The Executive Director and the Assistant Director, Finance, Control and Administration, noted that the principal objectives of the current information systems review were to document present and future UNOPS business system requirements clearly and objectively, and to compare them against the functionality of the Integrated Management Information System. In that regard, the Executive Board was informed that UNOPS was exploring and would continue to explore the UNICEF approach.

143. The Executive Director, noting that the UNOPS decentralization strategy was principally intended to provide better service to clients, underscored that each decentralized unit was required to adhere to the self-financing principle, generating sufficient income from services to cover its costs. With regard to the questions on client diversification, he stated that UNOPS efforts to work with other members of the United Nations system were modest but encouraging, noting that most such partners preferred to start such collaboration on a pilot basis. The brochures and publications provided to Executive Board members for information were cited as examples of materials UNOPS has developed to help to attract new clients. An update was also provided on UNOPS actions in response to the audit recommendations.

144. Speaking to the issue of the division of labour between UNDP and UNOPS, the Executive Director emphasized that UNOPS operated according to the guidelines established by the Executive Board in prior decisions, notably that UNOPS undertook no funding or fund-raising activities, nor did it have a substantive mandate other than the provision of services. He added that UNOPS was always represented at the country level by the UNDP resident representative and, whenever possible, shared the same premises as UNDP. He also stated that all UNOPS clients chose UNOPS for services from among a wide range of alternatives.

145. The Executive Director agreed that the level of the proposed reserve was on the low end. He stated that UNOPS had decided to put forth a conservative proposal initially, which might be revised in light of experience gained, and in conjunction with the biennial budget submission. With regard to the ultimate liability for claims that might exceed the response capacity of the UNOPS reserve, he noted that for UNDP-funded projects, the Office of Legal Affairs had indicated that ultimate liability might reside with UNDP. It was highly unlikely, however, that such a situation would arise, as the risk analysis had revealed that a large proportion of the risks were covered by contracting clauses that permitted recovery as well as a transfer of risk, whereas the self-insurance element of the operational reserve had been intended to cover only a residual risk as may arise.

146. The Executive Board took note of the report of ACABQ contained in document DP/1997/28, and adopted the following decisions on UNOPS risk management, reserves and surplus income (DP/1997/26); UNOPS revised budget estimates for the biennium 1996-1997 and budget estimates for the biennium 1998-1999 (DP/1997/29); and follow-up to the recommendations of the report of the Board of Auditors (A/51/5/Add.10) (DP/1997/27), respectively:

97/21. UNOPS: Risk management, reserves and surplus income

The Executive Board

1. Takes note of the report of the Executive Director of the United Nations Office for Project Services (DP/1997/26);

2. Decides to establish the level of the UNOPS operational reserve at 4 per cent of the combined expenditure on administrative and project budgets of the previous year, and to transfer unspent income to the reserve account until such level is reached;

3. Approves the maintenance of the operational reserve at the level calculated annually according to the formula in the preceding paragraph;

4. Requests that the Executive Director report on a biennial basis on the appropriateness of the level as set in the present decision;

5. Notes that the Executive Director will continue to report annually on UNOPS income and expenditure levels and on drawdowns from the reserve.

18 September 1997

97/22. UNOPS: Revised budget estimates for the biennium 1996-1997 and budget estimates for the biennium 1998-1999

The Executive Board

1. Takes note of the report of the Executive Director on revised budget estimates for the biennium 1996-1997 and budget estimates for the biennium 1998-1999 (DP/1997/29);

2. Approves the revised budget estimates for the 1996-1997 biennium in the amount of $70,579,000;

3. Approves the budget estimates for the 1998-1999 biennium in the amount of $84,700,000;

4. Approves the establishment of 37 additional posts, and the relocation of 1 post from New York to the Abidjan office.

18 September 1997

97/23. Follow-up to recommendations of the report of the Board of Auditors on the United Nations Office for Project Services (A/51/5/Add.10)

The Executive Board

1. Takes note of the comments made by the United Nations Office for Projects Services in document DP/1997/27 in response to the recommendations made in the report of the United Nations Board of Auditors for the biennium 1994-1995 (A/51/5/Add.10);

2. Requests the Executive Director to provide the Executive Board, at its annual session 1998, with an updated overview of the implementation of the recommendations of the Board of Auditors and an updated timetable indicating the dates when follow-up action will have been completed in the areas that need to be addressed.

18 September 1997

VI. UNDP: COUNTRY COOPERATION FRAMEWORKS AND RELATED MATTERS

A. Country and regional cooperation frameworks

1. Africa

147. The Executive Board approved the first country cooperation frameworks (CCFs) for: Benin (DP/CCF/BEN/1); Botswana (DP/CCF/BOT/1); Cameroon (DP/CCF/CMR/1); Chad (DP/CCF/CHD/1); Gabon (DP/CCF/GAB/1); Guinea-Bissau (DP/CCF/GBS/1); Malawi (DP/CCF/MLW/1); Mauritius (DP/CCF/MAR/1); Sao Tome and Principe (DP/CCF/STP/1); Senegal (DP/CCF/SEN/1); Seychelles (DP/CCF/SEY/1); and Swaziland (DP/CCF/SWA/1).

148. In accordance with the written request from five members of the Executive Board, the Board discussed the first country cooperation frameworks for the following countries: Angola (DP/CCF/ANG/1); Burkina Faso (DP/CCF/BKF/1); Nigeria (DP/CCF/NIR/1); South Africa (DP/CCF/SAF/1); and Zimbabwe (DP/CCF/ZIM/1).

149. The Executive Board agreed to postpone consideration of the first country cooperation framework for the Republic of the Congo (DP/CCF/PRC/1).

First country cooperation framework for Angola (DP/CCF/ANG/1)

150. The discussion of the first country cooperation framework for Angola focused on questions raised by delegations regarding how the country would implement development activities in the post-conflict period. Delegations raised queries about poverty eradication programmes, landmine clearance, the work of UNDP with non-governmental organizations (NGOs), transition measures in the peace process, and the functioning of the resident coordinator system in Angola. One delegation emphasized the need to involve all rural inhabitants in the peace process. The need to measure impact was also underlined.

151. The UNDP Resident Representative in Angola responded to the comments and queries raised by delegations. He noted that the new framework emphasized capacity- and institution-building, as opposed to the focus in the previous programme on crisis-related work. All work was carried out within a government-defined framework. UNDP sought to strengthen the capacity of national NGOs so that they could eventually take up work in various priority areas. Mine-clearing activities were coordinated by UNDP and executed by the United Nations Office for Project Services, with the involvement of nationals and NGOs.

152. Relations with other United Nations organizations were excellent, in particular with the United Nations Observer Mission in Angola. The framework had been prepared in consultation with other United Nations organizations in Angola. An exit strategy for organizations operating in the humanitarian area was now being prepared. Coordination of those activities would be transferred from the United Nations to the Government, with the support of UNDP and other partners. There were indications that the peace process was progressing, with the reintegration of displaced persons and soldiers, mainly through community-based activities. Community-rehabilitation programmes were helping the Government to coordinate and develop work in that area, with the participation of multilateral and bilateral donors. Programmes planned through the round-table process could now be initiated. The UNDP Resident Representative cited the Community Rehabilitation and National Reconciliation Programme as a demonstration of the Government's approach to poverty eradication, which was now receiving greater attention in the post-conflict period. Sectoral analyses and reviews have been planned, with the involvement of all United Nations organizations.

153. The Executive Board approved the first country cooperation framework for Angola (DP/CCF/ANG/1), with the comments made thereon.

First country cooperation framework for Burkina Faso (DP/CCF/BKF/1)

154. Several delegations stated that they thought the framework was a good document, which contained useful analyses of complex poverty problems. The areas of focus were relevant, as was the strategy as explained in the framework. Implementation of the 20/20 initiative and the emphasis on poverty alleviation was praised. However, the strategic initiative for the elimination of poverty needed clarification with regard to how it was linked with the major thematic areas of UNDP. The priorities of the framework, the role of capacity-building, and the comparative advantages of UNDP would benefit from further elaboration. Questions were raised about cooperation with the World Bank, the roles of the United Nations Capital Development Fund and the United Nations Development Fund for Women, UNDP involvement in agriculture, and the division of labour with other United Nations agencies.

155. Several speakers emphasized the need for enhanced aid coordination in Burkina Faso. One delegation requested further information on cooperation with local partners, in particular NGOs and civil society. Some speakers underlined the importance of performance indicators. One speaker suggested that UNDP could help to develop private business and entrepreneurship in Burkina Faso. In that regard, the framework could place greater emphasis on development of local markets and support for trade. More information on gender-mainstreaming was

also sought. One delegation noted that a regional approach was lacking in the framework.

156. The UNDP Resident Representative in Burkina Faso responded to the comments made and questions raised by delegations. He underlined the major role of UNDP in aid coordination, including through assistance to the Government in preparing a country strategy note and through the preparation of the UNDP advisory note, which had preceded the CCF. Moreover, all donors had participated in the local programme advisory committee meeting on the framework. The UNDP role in coordination with donors in the programming process was continuing in both general and sectoral activities through a local coordination mechanism. Efforts had been made to ensure an appropriate division of labour among United Nations organizations operating in Burkina Faso. The role of UNDP in coordination with the United Nations agencies, including the World Bank, had led to the formulation of two joint programmes on access for all to basic education and primary health care, activities that were co-financed by several United Nations agencies. The UNDP Resident Representative emphasized that the three focus areas at the heart of the mandate of UNDP were linked with the priorities of the Government's development strategy. Initiatives that included the participation of NGOs were in the areas of governance and management of the environment. He also noted that in the focus area of gender, UNDP was cooperating with UNIFEM in Burkina Faso and was also involved in a cooperative effort to provide access to basic education for women. Programmes involving primary health care for women were funded by UNFPA and others. He noted that UNDP provided support for policy dialogue with other donors in the area of promotion of the private sector as well as in the formulation of the Government's agricultural development strategy.

157. The Executive Board approved the first country cooperation framework for Burkina Faso (DP/CCF/BKF/1), with the comments made thereon.

First country cooperation framework for Nigeria (DP/CCF/NIR/1)

158. Several delegations called for the refocusing and resubmission of the first country cooperation framework for Nigeria while other delegations stated that the framework should be adopted at the session. The speakers who asked for resubmission cited queries they had regarding programme delivery, carry-over of resources from the previous cycle, and the degree to which civil society, including grass-roots populations, would benefit from the framework. Some speakers suggested that the activities described in the framework needed channelling through a coordinated planning process as well as enhanced focus. Delegations that supported the CCF cited the thematic areas included in the document as being in line with the purposes and mandates of UNDP as well as meeting the needs of the country. The Latin American and Caribbean Group announced that it had reconsidered its initial support for a postponement and stated that people of Nigeria would be affected by a delay in implementation of the framework.

159. The representative of Nigeria cited the references in the framework to the capacity-building activities of UNDP and urged that the CCF be approved at the session. He underlined the need for development activities in his country and

emphasized that any delay would have a negative impact on poverty eradication in Nigeria, affecting poor people directly.

160. The UNDP Resident Representative in Nigeria recalled an informal dialogue held on the previous day. He noted the steps that had been taken in preparation of the country strategy note and the advisory note, both of which had been reviewed by many partners, including donors, the private sector, and international and national NGOs in Nigeria. The framework set specific objectives, including the reduction of poverty by 20 per cent over the ensuing 10 years and the identification of the poorest of the poor. The framework was demand-driven and utilized the experience of pilot activities conducted in previous years. In fact, it provided a foundation for United Nations organizations to work in Nigeria, including with NGOs. If requested, improvements could be made in the profiles of specific programme activities. He noted that the carry-over was attributable to new initiatives such as the programme approach and national execution. Currently, however, a reassessment of UNDP activities in Nigeria had made a positive impact on programme delivery.

161. One delegation introduced a draft decision on the first country cooperation framework for Nigeria. He stated that his delegation thought it was a good text, which reflected the views expressed during the plenary discussion.

162. The Executive Board approved the following decision:

97/25. First country cooperation framework for Nigeria

The Executive Board

Approves the first country cooperation framework for Nigeria (DP/CCF/NIR/1) with the provision that the Administrator develop programmes in the areas identified in the framework using the following guidelines:

(a) The programmes must directly benefit the poorest sections of the population and deliver their benefits at the grass-roots level;

(b) The components of the programmes must be prepared with the full participation of the intended beneficiaries, in particular from the poorest sections of the community, and implemented through organizations of civil society, including national and international non-governmental organizations;

(c) The programme should be developed with clear monitoring components to enable the Administrator to report back to the Executive Board at its third regular session in 1998 on the content of the programme and to conduct regular evaluations of the impact of the programme at not less than annual intervals thereafter.

19 September 1997

163. The representative of Nigeria thanked the Executive Board for its approval of the first country cooperation framework for Nigeria. Another speaker expressed appreciation for the flexibility of the Board in considering the

framework and stated that the concerns expressed in the discussion had been addressed in the decision.

First country cooperation framework for South Africa (DP/CCF/SAF/1)

164. A number of delegations commented on the first country cooperation framework for South Africa. One delegation stated that the framework did not refer to the government strategy for Growth, Employment and Redistribution (GEAR), and that the linkage among programmes was not clear. The speaker also requested information on the role of South Africa in the Southern Africa Development Community (SADC). Another delegation requested further information on the findings of a recent World Bank study on poverty alleviation in South Africa and how it related to the work of UNDP in the area. The speaker expressed support for the UNDP programme in poverty eradication, suggesting that the programme focus on areas where there would be a proven advantage. National expertise should be involved as much as possible. A third speaker requested further information on the development of a "United Nations House" in South Africa.

165. The UNDP Resident Representative in South Africa noted that the CCF was the first programming document on cooperation with South Africa ever presented to UNDP. The framework reflected the policies outlined in the Reconstruction and Development Programme adopted by the Government in 1994, and drew on sectoral and thematic papers prepared since that date, as well as on the macroeconomic GEAR strategy adopted in 1996, which had been mentioned in the framework (see DP/CCF/SAF/1, para. 15). He underlined the importance of ensuring that the macroeconomic strategy was complemented by the human development strategy the Government had announced in a parliamentary debate on poverty in October 1996. He noted that South Africa was an economic giant in the subregion. UNDP was helping the country in its reintegration into the region through participation in SADC, for example, through activities in the area of governance, including the proposed regional human development report. In response to the query raised about the relationship of the recent World Bank study on poverty alleviation in South Africa to the work of UNDP in that area, the UNDP Resident Representative responded that UNDP had worked closely with the World Bank and the United Kingdom's Department of International Development to produce a comprehensive study on poverty and inequality. The report of that study, building on prior data collection and analysis sponsored by the World Bank on the status of poverty, would focus on the impact of government policies on the poor. It was currently being reviewed by an interdepartmental committee at the ministerial level. In that context, broader indicators to measure all aspects of poverty in the country were being developed. He noted that the increase in crime in South Africa was of particular concern to the poor. Small- and medium-scale enterprise development was one of the means for helping to create jobs - a central element of poverty eradication. With regard to the United Nations House, the UNDP Resident Representative stated that all United Nations organizations operating in South Africa were currently housed in Pretoria in a facility provided by the Government, except for the International Labour Organization and the World Bank. A decision of the Cabinet on the United Nations House also envisaged the provision of a second United Nations facility in Cape Town. The origin of the Secretary-General's decision to declare the Pretoria facility as the first United Nations House had resulted from his

appreciation of the initiatives taken by the Government of South Africa and the United Nations country team during his recent visit to the country.

166. The Executive Board approved the first country cooperation framework for South Africa (DP/CCF/SAF/1), with the comments made thereon.

First country cooperation framework for Zimbabwe (DP/CCF/ZIM/1)

167. Several delegations commended UNDP for the well-balanced and focused first country cooperation framework for Zimbabwe. The framework was ambitious yet realistic. Its emphasis on the programme approach and use of national execution was commendable. The link between results and lessons of past cooperation could have been more specific, however, and clarification of the use of the percentage regarding the effectiveness of the third country programme was sought (see DP/CCF/ZIM/1, para. 18). Some negative experiences could also have been considered. The description of the comparative advantages of UNDP could also have been enhanced, as it described some activities in which other organizations might have an advantage. An amount of $500,000 had been allocated for a pilot project to enable greater coherence in the implementation of United Nations programmes in Zimbabwe. That project was aimed at promoting closer country-level integration in terms of common premises and services, budgeting, and the division of labour based on comparative strengths. Comments on the progress of that initiative would be welcomed. Another delegation suggested that civil service reforms should receive more attention in Zimbabwe. Cross-cutting themes such as HIV/AIDS, gender and governance should also receive greater attention. One speaker underlined the need for UNDP to concentrate on capacity-building in Zimbabwe. More specific priority-setting was required.

168. The UNDP Deputy Resident Representative in Zimbabwe responded to the comments and queries raised. She noted that UNDP had developed a positive role in macroeconomic reform as a neutral partner and that it was the Government which had affirmed the organization's comparative advantage in that area. UNDP was working closely with the Bretton Woods institutions and the Government of Sweden in the sector, she added. The second phase of the government reform programme was being supported by UNDP. With regard to the desk study on the preliminary impact of projects financed under the third country programme referred to in paragraph 18 of document DP/CCF/ZIM/1, the UNDP Deputy Resident Representative noted that while the study was not extremely detailed, it had found that national execution was successful in Zimbabwe because of the Government's ownership and insurance of sustainability, thus resulting in an 80 per cent success rate. No expatriates were employed in UNDP programmes, only nationals of Zimbabwe. The support of the Government of Sweden was much appreciated, and concrete steps had already been taken towards developing a more unified United Nations country team. A retreat involving 18 United Nations organizations and 70 staff members was planned to discuss joint programming and common services. Participants in the retreat would review a draft common country assessment involving the 18 United Nations organizations present in Zimbabwe, making it a unique document, she added. An inter-agency unit financed by UNDP and other United Nations agencies was being established. She noted that her position had been designated as UNDP Programme Director, enabling the UNDP Resident Representative to emphasize his role as Resident Coordinator in inter-agency matters, with positive results in collaboration. In the area of

governance, UNDP was providing support to "Vision 2020", a draft national long-term planning document. It was also assisting the Government in developing its use of the Internet, promoting an open exchange of information.

169. The Executive Board approved the first country cooperation framework for Zimbabwe (DP/CCF/ZIM/1), with the comments made thereon.

2. Asia and the Pacific

170. The Executive Board approved the first country cooperation frameworks (CCFs) for: Fiji (DP/CCF/FIJ/1); the Federated States of Micronesia (DP/CCF/FSM/1); Kiribati (DP/CCF/KIR/1); the Democratic People's Republic of Korea (DP/CCF/DRK/1); Malaysia (DP/CCF/MAL/1); Maldives (DP/CCF/MDV/1); the Marshall Islands (DP/CCF/MAS/1); Nepal (DP/CCF/NEP/1); Niue (DP/CCF/NIU/1); Palau (DP/CCF/PAU/1); the Philippines (DP/CCF/PHI/1); Samoa (DP/CCF/SAM/1); the Solomon Islands (DP/CCF/SOI/1); Sri Lanka (DP/CCF/SRL/1); Thailand (DP/CCF/THA/1); Tonga (DP/CCF/TON/1); Tuvalu (DP/CCF/TUV/1); and Vanuatu (DP/CCF/VAN/1).

171. In accordance with the written request of five members of the Executive Board, the Board discussed the first country cooperation frameworks for Cambodia (DP/CCF/CMB/1) and Pakistan (DP/CCF/PAK/1).

First country cooperation framework for Cambodia (DP/CCF/CMB/1)

172. Many delegations took the floor in support of the first country cooperation framework for Cambodia (DP/CCF/CMB/1). The document was comprehensive, clear and well written, detailed, well focused, and contained good ideas. It was noted that there had been an effective collaborative process at the country level in preparing the framework. Speakers also thanked UNDP for the useful informal meeting on the CCF held during the session, which had enabled them to clarify issues about which they had questions. One delegation noted with approval the emphasis on marginalized groups and electoral assistance in the framework. Other speakers cited UNDP cooperation with regard to the country's transition, democratization, social protection and environmental sustainability. Poverty alleviation was the main element of the framework, one speaker noted, and the presence of UNDP was crucial, including with regard to security and creating an enabling environment. Several other speakers took the floor to highlight various aspects of the role of UNDP in Cambodia that they found to be relevant and useful. One delegation suggested that the strategy of the Development Assistance Committee of the Organisation for Economic Cooperation and Development, "Shaping the 21st Century: the Contribution of Development Co-operation", be applied in cooperation with Cambodia. The President of the Board pointed out that the Cambodia country team had participated in the discussions at the last session of the Economic and Social Council. The Assistant Administrator and Director of the Regional Bureau for Asia and the Pacific thanked the Executive Board for its comments and stated that UNDP would implement the suggestions made by delegations.

173. The Executive Board approved the first CCF for Cambodia (DP/CCF/CMB/1), with the comments made thereon.

First country cooperation framework for Pakistan (DP/CCF/PAK/1)

174. Many speakers took the floor to express appreciation for the first country cooperation framework for Pakistan. The document was clear, analytical and well written, and demonstrated that UNDP had achieved exemplary cooperation in that country. Several speakers stated that they had received favourable comments from their embassies in Islamabad. The UNDP Resident Representative's role in coordination was viewed as excellent. UNDP was thought to have a comparative advantage in the focus area of governance, in particular in building capacity among non-governmental and community-based organizations. The importance of the gender component was emphasized. One delegation cited the Social Action Programme as a programme with positive results, which should be continued. The overall programme conformed to national priorities and emphasized the use of national execution.

175. Several queries were raised, including with regard to the focus areas of governance and gender, relating to the legal situation of non-governmental and community-based organizations and whether UNDP itself was implementing programmes in the country.

176. The representative of Pakistan acknowledged the assistance from UNDP over the years. The CCF had been prepared through an interactive process, in harmony with the country's ninth five-year plan. The gender component was closely linked with the Beijing Platform for Action. He noted that community-based NGOs played a key role in programme activities. The present legal environment was conducive to the work of NGOs. UNDP support for the Local Dialogue Group process, as a complement to the work of the Pakistan Consortium, was greatly appreciated.

177. The UNDP Resident Representative in Pakistan responded to the comments made. He noted that UNDP had supported a national dialogue on the role of NGOs in Pakistan and that there was full collaboration with the NGO community. The regulatory framework for NGOs was being reviewed by the Government. He further pointed out that the current expectations being placed on civil society organizations exceeded their existing capacity, with many donors and the Government looking to NGOs to carry out many activities. Capacity-building in that area was therefore badly needed.

178. With regard to programme focus, he underlined that activities were being carried out in the context of a modest target for resources assignment from the core (TRAC) allocation. The areas of governance and gender were indeed major elements of the programme, with close interconnections. The recent electoral processes had been supported by UNDP, including the provision of grants to NGOs engaged in educating women on their voting rights. He noted that a National Commission for the Implementation of the Convention on the Elimination of All Forms of Discrimination against Women recently submitted a report, the recommendations of which were currently being reviewed by the Government. Programmes in the third area, sustainable livelihoods, were carried out principally at the community level, especially in the north of Pakistan. Some 50 per cent of the community mobilizers were women.

179. There had been a pragmatic response to national execution in Pakistan, the UNDP Resident Representative stated. National management of programmes was considered essential to successful development cooperation, and was therefore built into every programme. However, the Government reserved the right to request UNDP, the United Nations Office for Project Services, or a United Nations specialized agency to support the implementation of programmes whenever necessary.

180. The Executive Board approved the first country cooperation framework for Pakistan (DP/CCF/PAK/1), with the comments made thereon.

181. Speaking after the approval of the framework, the Permanent Representative of Pakistan to the United Nations thanked the Executive Board and UNDP for its support and understanding. His country faced a difficult development challenge, given its population, which was one of the largest in Asia. The commitment of the UNDP staff in Pakistan and at headquarters was recognized. His Government believed that the framework was a model, particularly for those countries in similar circumstances.

3. Europe and the Commonwealth of Independent States

182. The Executive Board approved the first country cooperation frameworks (CCFs) for: Armenia (DP/CCF/ARM/1*); Azerbaijan (DP/CCF/AZE/1); Bulgaria (DP/CCF/BUL/1); Georgia (DP/CCF/GEO/1); Malta (DP/CCF/MAT/1); the Russian Federation (DP/CCF/RUS/1); Saint Helena (DP/CCF/STH/1); Slovenia (DP/CCF/SVN/1); The former Yugoslav Republic of Macedonia (DP/CCF/MCD/1); Turkmenistan (DP/CCF/TUK/1); and Ukraine (DP/CCF/UKR/1).

183. The Executive Board also approved the extension of the fifth country programme for Albania (DP/CP/ALB/5/EXTENSION I).

184. One delegation stated that many of the UNDP programmes for the region were similar in content and approach. In capacity-building, her Government would like to see a stronger link between the strengthening of democratic institutions and civil society. Support for the advancement of women was welcomed but it was not clear if UNDP had an advantage in that area, in comparison with other donors. There was too much focus on cost-sharing resource mobilization. UNDP needed to find a clear role in the region.

185. The Assistant Administrator and Director of the Regional Bureau for Europe and the Commonwealth of Independent States stated that UNDP was working in the area of capacity-building and with civil society. He drew the attention of the Executive Board to the first regional programme for Europe and the Commonwealth of Independent States, which had been approved by the Board at its second regular session 1997, and which had emphasized democracy, development and participation. UNDP was working with parliaments and other democratic institutions. Despite the modest resources for the region, for which UNDP was grateful, much had been accomplished. Donors were invited to contribute to the objectives of programmes determined by the individual Governments, through UNDP as a focal point.

First country cooperation framework for Yugoslavia (DP/CCF/YUG/1)

186. The Assistant Administrator and Director of the Regional Bureau for Europe and the Commonwealth of Independent States also made a statement to the Executive Board on the first country cooperation framework for Yugoslavia. The document contained information on the consultative process that had taken place in the country and the internal programme clearing process of UNDP. Both processes combined added up to a long lead-time between the initiation of discussion of the programme and its review by the Board. In the opinion of UNDP, the focus and activities of the programme were well targeted. However, the transition taking place in the region had its own dynamics and priorities were rapidly changing, including with regard to the role of civil society. As a result, it would take time to develop a programme with a commensurately stronger role for civil society. UNDP would submit to the Board at a later date a framework that was more focused and which strengthened in-country capacity to be part of the national development dialogue.

187. The Assistant Administrator also informed the Executive Board that the Regional Bureau had been active in promoting policy documents prepared by professionals in the region on issues that contributed to the development policy dialogue. A report entitled "The shrinking state: governance and sustainable human development", focusing on the transition economies in the region, had been distributed at the session.

188. The President informed the Executive Board that a letter signed by the Permanent Representatives of Bosnia and Herzegovina, Croatia, Slovenia, and the former Yugoslav Republic of Macedonia had been circulated.

189. The Executive Board agreed to postpone the consideration of the first country cooperation framework for the Federal Republic of Yugoslavia (DP/CCF/YUG/1).

4. Latin America and the Caribbean

190. The Executive Board approved the first country cooperation frameworks (CCFs) for: Anguilla (DP/CCF/ANL/1); Argentina (DP/CCF/ARG/1); Barbados (DP/CCF/BAR/1); the British Virgin Islands (DP/CCF/BVI/1); Brazil (DP/CCF/BRA/1); Chile (DP/CCF/CHI/1); Cuba (DP/CCF/CUB/1); Dominica (DP/CCF/DMI/1); the Dominican Republic (DP/CCF/DOM/1); El Salvador (DP/CCF/ELS/1); Grenada (DP/CCF/GRN/1); Guyana (DP/CCF/GUY/1); Honduras (DP/CCF/HON/1); Jamaica (DP/CCF/JAM/1); Mexico (DP/CCF/MEX/1); Peru (DP/CCF/PER/1); Saint Lucia (DP/CCF/STL/1); Saint Vincent and the Grenadines (DP/CCF/STV/1); Trinidad and Tobago (DP/CCF/TRI/1); Uruguay (DP/CCF/URU/1); and Venezuela (DP/CCF/VEN/1).

191. In accordance with the written request from five members of the Executive Board, the Executive Board discussed the first country cooperation framework for Peru (DP/CCF/PER/1).

192. The Executive Board also approved the extension of the third country programme for Antigua and Barbuda (DP/CP/ANT/3/EXTENSION I); the extension of the third country programme for the Cayman Islands (DP/CP/CAY/3/EXTENSION I); the extension of the fifth country programme for Costa Rica (DP/CP/COS/5/EXTENSION I); the extension of the fifth

country programme for Paraguay (DP/CP/PAR/5/EXTENSION I); the extension of the third country programme for Saint Kitts and Nevis (DP/CP/STK/3/EXTENSION I); and the extension of the third country programme for the Turks and Caicos Islands (DP/CP/TCI/3/EXTENSION I).

193. The Deputy Director of the Regional Bureau for Latin America and the Caribbean requested that the Executive Board consider postponement of the approval of the first country cooperation framework for Montserrat (DP/CCF/MOT/1) and to endorse the elaboration of a package of emergency assistance to be made available within the provisions of target for resource assignment from the core (TRAC) line 1.1.3, as Montserrat was a country in special circumstances. The Deputy Director also drew attention to the need to reconsider Montserrat's status as a net contributor country when considering the first CCF. The Governments of Montserrat and the United Kingdom had been fully consulted on the matter.

194. The Executive Board agreed to postpone consideration of the first country cooperation framework for Montserrat and endorsed the provision of emergency assistance, to be accommodated under TRAC line 1.1.3.

195. One delegation underlined the severe devastation in Montserrat and thanked the Executive Board for endorsing the emergency relief measures under TRAC line 1.1.3. The speaker suggested that the net contributor country status of Montserrat be reconsidered, as the country was now in a special development situation. The Caribbean Community was cooperating with the Government of Montserrat. It was hoped that the framework could be adjusted and approved by the Executive Board in the near future.

196. Another delegation expressed its support for the framework while agreeing that the decision to postpone its approval was sensible.

First country cooperation framework for Peru (DP/CCF/PER/1)

197. Several delegations commented that the first country cooperation framework for Peru did not show sufficient focus. An explanation of the role and elements of third-party cost-sharing needed more clarification, including how it differed from government cost-sharing. Further explanation of how the programme would be monitored and evaluated should be incorporated. One delegation requested more information on several aspects of the framework, including UNDP cooperation with the World Bank, the nature of support to the modernization of the State, and whether all activities contained in the programme were in accordance with the UNDP mandate. Another delegation raised a query about whether gender concerns were sufficiently addressed in the programme. Two delegations expressed their approval of the framework.

198. The representative of Peru stated that the framework was a clear example of taking concrete action within broad priority areas, for example, in the areas of good governance and the environment, including through the Capacity 21 programme. He underlined the fact that the programme would be monitored and evaluated properly.

199. The Deputy Director of the Regional Bureau for Latin America and the Caribbean, who had previously served as the UNDP Resident Representative in Peru, emphasized the difficult conditions created by internal conflicts that had characterized life in that country in the recent past. He urged the Executive Board to look at the first CCF in that context. In response to one of the queries raised, he stated that any lack of clarity in the document was not related to the volume of resources for the programme. In response to the queries raised regarding the nature of UNDP cooperation in Peru, he reiterated what was explained in the framework, that UNDP was the first link in a "strategic chain", in which it first provided technical advice on the design of legal frameworks and strategies, and then helped to establish management instruments. For example, in the privatization process, which had involved the sale or liquidation of more than 150 private enterprises in Peru, UNDP was helping to implement the process with other participants, including the Inter-American Development Bank (IDB). The role of UNDP was to bring together consultants and firms in alliance with IDB. Funding came from a number of other sources, including the Government, the World Bank, and bilateral programmes. He emphasized the comparative advantage of UNDP in the coordination of United Nations agencies as well as with bilateral programmes. In the focus area of gender, UNDP was supporting the new Ministry for the Advancement of Women and Social Development, as well as working with other authorities who would provide advice to facilitate and improve the status of women in Peru. Activities in the focus area of environment and natural resources included institution-building for conservation and restoration efforts and support to national initiatives aimed at compliance with international agreements.

200. One delegation underlined the need for co-financing funds to be more clearly identified as such in the framework. Another delegation emphasized the need for UNDP to adhere to its mandate despite the large amount of resources it managed in Peru.

201. The Deputy Director of the Regional Bureau for Latin America and the Caribbean responded that bilateral contributions had indeed been used in collaborative efforts and should be clearly identified. Management of non-core resources by UNDP enabled the country to move ahead in many areas and did not cause the organization to deviate from its mandate. He underlined that the same accountability and criteria applied to the management of core resources also applied to the management of non-core resources. UNDP was supporting the development process in Peru, particularly in the post-conflict area, and saw itself firmly within the mandate of sustainable human development.

202. The Executive Board approved the first country cooperation framework for Peru (DP/CCF/PER/1), with the comments made thereon.

5. Arab States

203. The Executive Board approved the first country cooperation frameworks (CCFs) for: Djibouti (DP/CCF/DJI/1); Egypt (DP/CCF/EGY/1); Jordan (DP/CCF/JOR/1); Kuwait (DP/CCF/KUW/1); Saudi Arabia (DP/CCF/SAU/1); the Sudan (DP/CCF/SUD/1); the Syrian Arab Republic (DP/CCF/SYR/1); the United Arab Emirates (DP/CCF/UAE/1); and Yemen (DP/CCF/YEM/1).

204. The Executive Board also approved the extension of the fifth country programme for the Libyan Arab Jamahiriya (DP/CP/LIB/5/EXTENSION I).

First regional cooperation framework for the Arab States (DP/RCF/RAS/1)

205. The Acting Regional Director of the Regional Bureau for Arab States introduced the first regional cooperation framework for the Arab States (DP/RCF/RAS/1). He stated that the framework was driven by the primary objective of enlarging the enabling environment for sustainable human development in the region, with a special focus on poverty eradication. The framework enjoyed firm regional support, as a result of the extensive process of policy dialogue and consultations with Governments, civil society, regional intergovernmental organizations, financial institutions and United Nations bodies, including the two regional commissions which covered countries in the Arab States region. The design of the framework reflected the substantive and operational lessons resulting from four sets of evaluations and assessment exercises, including the results of the Office for Evaluation and Strategic Planning's 1996 evaluation of global, interregional and regional programmes (Global, interregional and regional programmes: an evaluation of impact).

206. One of the overriding development realities of the region was the stagnating gross domestic product rate, which was undermining the region's capacity to promote sustainable human development and to eradicate poverty. The framework responded to the challenges of the region through a two-pronged approach: supporting economic growth, as an engine of human development, and fostering the efforts of the region to pursue sustainable human development. The framework would concentrate on creating synergies conducive to sustainable human development and on building the capacities of the region's institutions and systems that were crucial to human development. Complete details on implementation of the framework would be provided to the Executive Board at its first regular session 1998.

207. The Acting Regional Director outlined the major features of the framework: the regional poverty eradication strategy; partnership with the International Monetary Fund and other institutions; partnership with the World Bank, the European Union and the European Investment Bank; priority to national execution; linkage with 11 of the planned subprogrammes of the global cooperation framework; work in tandem with the country programmes of the Arab States region; and decentralization of management of the programme to the field, together with strengthened evaluation mechanisms.

208. Many delegations expressed support for the regional cooperation framework for Arab States. Specifically, speakers recognized the inclusion of collaboration with the regional commissions, the implementation of the UNDP policy mandate, and firm support for economic growth in the region, including with regard to trade and privatization. Cooperation with the Intergovernmental Authority for Development and Work on the Nile River Basin were singled out by one delegation as important parts of the regional programme. One speaker requested more information about linkage with social development activities, in particular poverty eradication, and about the inclusion of projects aimed specifically at least developed countries (LDCs) and South-South cooperation.

Information on micro-financing in the region was also sought, and one delegation requested information on gender-mainstreaming.

209. The Acting Regional Director responded to the comments and questions raised. He stated that the stagnation of economic growth in the region was a serious problem, and forecasts were not very encouraging. That was the reason for an emphasis on the economic sector in the framework. He noted that the framework was the result of two years of consultations with national experts. There were some LDCs in the region covered by the Regional Bureau for Arab States. Some specific programmes were directed at LDCs, including micro-credit programmes. While there were no specific South-South programmes elaborated in the framework, the logic of the framework was based on intercountry cooperation and the use of regional expertise. Micro-financing projects were under way in Bahrain, Morocco, and Yemen, in the context of pilot activities. With regard to gender-mainstreaming, he pointed out that women were primary beneficiaries of the regional programme, including through food security programmes and support to women's non-governmental organizations, and as comprising the majority of recipients of micro-credit. Another example was the Centre for Arab Women's Training in Tunisia, which would play a major role in the preparation of national human development reports through its collection of statistical data.

210. The Executive Board approved the first regional cooperation framework for the Arab States (DP/RCF/RAS/1).

B. Global cooperation framework

211. The Assistant Administrator and Director of the Bureau for Development Policy introduced the revised first global cooperation framework (DP/GCF/1/Rev.1).

212. Many delegations welcomed the revised global cooperation framework as an improvement over the earlier version (DP/GCF/1). The concerns expressed by delegations at previous sessions had been addressed. Some speakers stated that while they would approve the global programme, it was still too broad-based and could be further focused. The establishment of benchmarks and indicators, including for all subprogrammes, was essential to the success of the programme. The need for concentration in the areas of governance and gender was emphasized. Funding must be monitored closely. One speaker stated that at a time of limited available funds, regional and country programmes should be supported, rather than global initiatives. Another speaker suggested a rolling resource planning cycle for the global framework and the increased participation of resident representatives in the review process. Many delegations underlined the need for a continued dialogue as the framework evolved, particularly with reference to the development of indicators. One delegation regretted that the document had been received late, which was in violation of the rules established by the General Assembly and by the Executive Board in its rules of procedure. The same delegation noted that, while it was willing to approve the programme on an exceptional basis, it remained sceptical about the results that could be achieved since there was confusion concerning the objectives sought and an absence of fixed priorities. Some speakers noted that the UNDP programme focus would be the subject of a workshop to be held during the following week.

213. It was underlined that UNDP should demonstrate its comparative advantage in the programme and not duplicate the work of other development partners. Incorporation of the outcomes of international global conferences was of particular importance, especially with regard to supporting initiatives at the country level. One delegation stated that the strategy of the Development Assistance Committee of the Organisation for Economic Co-operation and Development, entitled 'Shaping the 21st Century: the Contribution of Development Co-operation', should be applied to the global framework. Linkage between the global and regional programmes should be established.

214. Programme countries, including the African Group, supported the work of the global programme and cited positive examples of its effect in their countries.

215. It was noted that technical cooperation among developing countries activities would be funded under a separate budget line, and not through the global programme.

216. One speaker stated that the list of global programme activities distributed at the session should have been distributed in advance of the session. In that regard, his delegation requested that progress reports on the global programme include a complete list of activities. Annual reviews of the implementation of the programme were also requested, with some speakers suggesting a review by the Executive Board at its annual session 1998, and others advocating a joint review, with the participation of UNFPA and the United Nations Children's Fund, at the second regular session 1998. In response, the President stated that the Bureau would review the options proposed for review of the global programme.

217. The Assistant Administrator responded to the comments and queries posed by delegations. He acknowledged that the list of activities under the global programme should have been included in the document. He noted the variety of products resulting from the global programme and also stated that a host of partnerships had been formed. Good linkages between gender and the areas of governance and environment had been developed. He confirmed that increased attention would be devoted to performance indicators. A primary task was to develop benchmarks and indicators on gender, including in cooperation with the United Nations Development Fund for Women. UNDP was working with the United Nations Children's Fund and the World Bank on poverty eradication indicators. Closer cooperation with donors would be welcomed.

218. The Executive Board approved the revised first global cooperation framework (DP/GCF/1/Rev.1), with the comments made thereon. The framework would be reviewed in 1998, with the inclusion of indicators and a list of activities, as well as an examination of the relationship between the regional and global programmes.

C. General discussion of country cooperation frameworks

219. Following the discussion of country cooperation frameworks in each region, the Executive Board held a general discussion on the process of reviewing the frameworks. Several delegations emphasized the need to have a strengthened monitoring and evaluation component in the frameworks, including performance

indicators and better use of lessons learned. The mid-term review process, which delegations hoped would be spread out more evenly over the sessions, should include a review of the monitoring and evaluation component of the frameworks. Those frameworks which had included performance measures were very useful.

220. Some speakers cited the varying quality of the frameworks, which led to difficulty in determining the nature of the contribution of UNDP to development in certain countries. One delegation requested that there be increased transparency in the UNDP programming process. The speaker noted that the activities in some of the frameworks before the Executive Board for approval at the third regular session had already begun. The need for Board members to have enough time to review the frameworks thoroughly and to obtain comments from their embassies in the countries under consideration was underlined. Availability of documentation on the Internet had facilitated the process to some extent, but the large number of frameworks submitted to the Board for consideration at the third regular session had created difficulties in the review process. A deeper involvement of the Board in the substance of the country cooperation frameworks was needed. Greater involvement of donor representatives at the country level was also suggested. There was support for the continuation of informal briefings with visiting resident representatives during Board sessions. Board field visits were also an excellent way of learning more about the programmes of UNDP and UNFPA. Conclusions of discussions of the country cooperation frameworks during Board sessions must be utilized more often, particularly to determine if those comments had any impact on the frameworks. Joint discussions of UNDP, UNFPA and UNICEF programmes could be carried out on an experimental basis. The programming cycles of the three organizations must be coordinated, especially in view of the Secretary-General's proposal to have a United Nations Development Assistance Framework in each country. Support was expressed for the continuation of meetings with individual country teams at the Economic and Social Council, as had been arranged in 1997. One speaker expressed support for the country cooperation frameworks of the Africa region adopted by the Board, particularly those for the lusophone countries.

221. The President requested that the Administrator, as the Convenor of the Executive Committee of the United Nations Development Group, begin coordinating joint presentations to the Executive Boards of Funds and Programmes.

222. The Assistant Administrator and Director of the Bureau for Development Policy stated that the comments of Executive Board members on the programming process would be taken into account. He noted that the current programming arrangements had been in place for only one year and that it would take time for them to work as expected. Some of the issues to which the Board referred would be taken up in the context of the "Focus within the Focus" workshop, which would be held on 22 September 1997. He also underlined that country offices had been instructed to establish proper monitoring and evaluation mechanisms in country cooperation frameworks.

UNFPA SEGMENT

VII. UNFPA: FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

A. Implementation and monitoring of technical support services arrangements

223. The Deputy Executive Director (Programme) introduced the report item on the technical support services (TSS) arrangements of UNFPA, as contained in document DP/FPA/1997/16. In its decision 95/34, the Executive Board had authorized an amount of $107 million to implement the TSS system over the period 1996-1999, including a total of eight Country Support Teams (CSTs) and a number of TSS specialist posts in the headquarters of other United Nations agencies and in the United Nations regional commissions and the regional offices of the World Health Organization (WHO). The Deputy Executive Director (Programme) said that the Fund thought that the CSTs had performed very well in carrying out their functions of providing technical backstopping for national population programmes. The Executive Director had recommended a few adjustments in the CSTs, i.e., the transfer of some posts from the Asia and Pacific region to Africa and to the Arab States and Europe region.

224. The Deputy Executive Director (Programme) also summarized the major conclusions of an independent evaluation of the TSS specialist posts that had been initiated by the Fund in response to Executive Board decision 95/34. The evaluation had come to many of the same conclusions that had been reached in an earlier evaluation in 1994, that is, that the TSS specialist arrangement had not been functioning in a completely satisfactory manner. The evaluation recommended the retention of the TSS specialist posts but proposed that a number of actions be taken to improve their functioning, especially in strengthening communications between the TSS specialists and the CSTs. The recommendation of the evaluation was that the TSS specialist posts should be amalgamated into a single integrated TSS team and that small "liaison units" should be maintained in the agencies themselves. The agencies, however, were not in favour of that approach, feeling that it would reduce their participation in the TSS system and would weaken the possibilities for integrating population aspects into their regular work programmes. UNFPA recognized the merits of having a multidisciplinary backstopping group as proposed in the evaluation but felt that the financial situation did not allow for the creation of such a team while maintaining support for liaison units in the agencies. The recommendation contained in document DP/FPA/1997/16 was to fill 27 out of the 43 TSS specialist posts authorized by the Board in 1995 - 3 each in the Food and Agriculture Organization of the United Nations (FAO), the International Labour Organization (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), WHO and the United Nations Statistical Division; two in the United Nations Population Division; and 1 at UNIFEM, in addition to the existing posts at the United Nations regional commissions and at the regional offices at WHO - and to further streamline the functions of the TSS specialists.

225. In the discussion that followed, one delegation said that it appreciated the candour of the report presented to the Board, which, unlike many United Nations documents, seemed to present both the strengths and weaknesses of the current system fairly. Several delegations said that they concurred with the

views expressed by UNFPA that the CSTs were carrying out effective work and that the composition of the teams seemed to respond to the needs of the countries in the various regions for technical support. Several delegations said that they particularly supported proposals to strengthen the CST teams in Africa; however, two other delegations asked for explanations about the concomitant reduction of posts in Asia.

226. In reviewing the recommendations concerning the TSS specialist posts, several delegations said that they would like to have more time to look at the recommendations of the evaluation. One delegation said that paragraph 16 of document DP/FPA/1997/16, which stated that "... overall [the TSS specialist arrangement] is not functioning in a satisfactory manner ...", was inconsistent with the recommendation that the TSS system be continued through 1999, albeit with a reduced number of posts. One delegation said that the TSS specialist posts had been evaluated twice, however the results of those evaluations did not appear to have been given due consideration in the recommendations that were being made to the Board. The same delegation suggested that TSS specialist arrangements were perhaps not the best means of promoting collaboration between the agencies and that other cross-fertilization mechanisms needed to be looked at. Another delegation said that the functions of the TSS specialists were not entirely clear, and several delegations requested more information, including from the representatives of the agencies themselves, on the value added by the TSS specialist posts in implementing the Programme of Action of the International Conference on Population and Development (ICPD). In sum, several delegations said that they did not find the arguments for continuing the TSS specialist posts at the level indicated in document DP/FPA/1997/16 to be convincing.

227. However, several other delegations said that they endorsed the proposals in document DP/FPA/1997/16, stating that the Fund had reviewed the options and had reached agreements with the agencies involved and that those agreements should be honoured. One delegation said that it would like to review the proposals in light of the biennial support budget for 1998-1999 that was to be taken up later in the session and consider whether they represented the best use of resources or not.

228. Several delegations requested information on the interaction between the CSTs and national and international experts. They wanted to know to what extent national experts were called upon in backstopping population programmes and, tied to that, how the system was helping to build national capacity. One delegation suggested the development of indicators to assess the capacity-building contributions of the CSTs. One delegation also wanted more information on the issue of the cost-efficiency of the CST advisers as compared with the use of international experts on a consultant basis. Another delegation requested information on how the TSS system was linked to the United Nations reform process.

229. One delegation asked why the TSS specialists in regional offices tended to function better than those in specialized agency headquarters, as had been indicated by the evaluation. Another delegate said that, in his view, the main shortcoming seemed to be the lack of interaction between the CSTs and TSS specialists and asked, as did another delegation, what measures were being taken

to improve such interaction. Two delegations asked for clarification on the nature of the legal agreements between the Fund and the United Nations agencies. One delegation requested assurances that the subregional CST and the Fund's proposed new support office in Kazakhstan would not have overlapping functions. Another delegation asked what proportion of the resources of the CST in Amman, Jordan, were being devoted to the Arab States. One delegation stressed the need to make the roster of consultants accessible to the Governments of the programme countries.

230. In her response, the Deputy Executive Director (Programme) noted that the TSS system helped the Fund maintain links with other United Nations agencies and currently seemed like the best system available, given the limitations on resources. Extensive discussions had been held with the agencies, and all parties had agreed on actions to be taken to strengthen the effectiveness of the TSS specialists, both within their agencies and in collaborating with the CSTs. In the past, the role of the TSS specialists had sometimes, and quite inadvertently, been open to interpretation - hence their functions had varied considerably between one agency and another. The Fund had, of course, defined the functions of the TSS specialists in the past; however the scope of their activities had proven to be too broad. New guidelines had been agreed upon that made it clear that the TSS specialists would focus on two roles: (a) backstopping activities, for which work plans would be developed to ensure a multidisciplinary approach; and (b) advocacy on population, including reproductive health, issues within the agencies.

231. The Deputy Executive Director (Programme) reiterated that the TSS system was set up so that, in the first instance, national experts were sought in providing technical support for population programmes. Only when that expertise was not available was recourse had to the CSTs or to the TSS specialists. Efforts were being made to expand and promote utilization of national expertise through the development of rosters maintained in the country offices and by the CSTs. Further, the CST advisers worked closely with national counterparts, thereby contributing to capacity-building efforts. She agreed on the need to develop a system of indicators for capacity-building and expected the absorptive capacity study that the Fund was in the process of carrying out to help in that regard. Regarding the question of cost efficiency, she disagreed that use of consultants was less costly in all cases. She pointed out the importance of interaction with the field and of the multidisciplinary approach that was provided by the CSTs. Consultants were utilized for specialized activities that could not be accomplished by the CSTs or TSS specialists on their own.

232. In commenting on why the TSS system seemed to work better in the regional commissions, the Deputy Executive Director (Programme) said that she felt it was because the regional commissions were smaller and the TSS specialists were able to function much more often on a one-to-one basis with their colleagues and could therefore perform their advocacy role better. In addition, the United Nations regional commissions and the WHO regional offices had strong links with the programme countries themselves and that helped to translate policy into action. She emphasized that the system was evolving and that important lessons were being learned over time, which reinforced the need to continuously review the TSS system and its operations. Already, the recent evaluation had led to some immediate improvements. Dialogue between the CSTs and the TSS specialists

had increased through greater use of electronic mail, seminars and thematic meetings, and joint work plans had been initiated between the CSTs and TSS specialists. She acknowledged that the Fund needed to set aside resources so that it could carry out its managerial and substantive coordination roles better and thus improve the functioning of the TSS system.

233. The Deputy Executive Director (Programme) reported that the reduction in the number of CST posts in the Asia and Pacific region had in fact been quite small: two posts in Bangkok, Thailand, had been merged, and in the Suva, Fiji, team there would be a reduction of two posts. However, it was proposed to fill some of the posts that were vacant in Suva, which would actually lead to an increase in the number of staff in place. There were no overlaps in the functions of the subteam stationed in Almaty and the proposed field office in Kazakhstan: the new field office would manage the country programme while the subteam would be called upon for technical backstopping of the programmes throughout the region. She explained that individual posts in the CST in Amman were not assigned to either the Arab States or to Europe. The system responded to country requests as they arose by sending the appropriate specialist to the country, but the vast majority of such requests were from countries in the Arab States subregion. She said that the Fund hoped to develop standard agreements for collaboration with partner agencies. As the rosters of national experts were developed, they would be available from the respective country office or CST.

234. The President of the Executive Board asked the representatives of the specialized agencies who were present if they would like to comment on the proposals before the Board. The representative of FAO, speaking also on behalf of ILO, explained that the current system had three tiers and that it would be unwise to weaken any one of the components. The system had focused its initial priorities on strengthening the country and regional levels, hence the TSS specialist posts had not received as much attention as they deserved, but he was sure that they could work effectively with the other parts of the system. The TSS specialist posts added several valuable elements to the system as a whole: the advocacy role that the specialists performed in their agencies; their help in integrating population concerns into the core programmes of the agencies, which helped to carry out the broader mandate of ICPD; and the backstopping they supplied to the CSTs. He said that the Inter-Agency Task Force discussion of the roles of the TSS specialists had been very productive and had shown ways in which their performance could be enhanced.

235. The representative of WHO noted the findings of the evaluation report as they pertained to WHO, i.e., bringing the concerns of UNFPA into the work of WHO as well as helping to provide direct links between WHO and the UNFPA field offices. The representative of UNESCO emphasized the advocacy role that the TSS specialists played. The representative from the United Nations Statistical Division explained that it functioned as a coordinating body and the technical expertise that it provided was much needed by CSTs and UNFPA country offices; the TSS specialists helped to facilitate the provision of that expertise. The representative of the United Nations Population Division said that the entire TSS system would benefit from the analysis that had been carried out, which would help the system to improve on past weaknesses.

236. The Executive Board adopted the following decision:

97/27. Technical Support Services System of the United Nations Population Fund

The Executive Board

1. Takes note of the report on the Technical Support Services system of the United Nations Population Fund as contained in document DP/FPA/1997/16;

2. Endorses the proposals for reconfiguring the Country Support Team adviser posts as contained in paragraphs 23-26 of document DP/FPA/1997/16;

3. Agrees, on a temporary basis for 1998, to the proposals for modifications of the Technical Support Services specialist posts in United Nations agencies and organizations as contained in paragraphs 27-31 of document DP/FPA/1997/16, understanding that any outstanding vacancies in the Technical Support Services specialist posts will not be filled in the interim;

4. Also agrees to review the "Report on an assessment of the TSS specialist posts at headquarters and regional levels" in relation to document DP/FPA/1997/16 at the second regular session 1998, in particular in regard to the purpose, effectiveness and organization of the Technical Support Services specialist posts, with a view to providing direction for the Technical Support Services specialist arrangements for 1999;

5. Requests the Executive Director to reassess, in 1999, the Technical Support Services system, including an analysis of its financial aspects that will be reviewed by the Advisory Committee on Administrative and Budgetary Questions, and to report thereon to the Executive Board at the annual session 1999.

19 September 1997

B. Financial and budgetary matters

237. In the interest of time, the Executive Director introduced the UNFPA financial, budgetary and administrative matters before the Board in a single statement. These included the proposed support budget for the biennium 1998-1999, as contained in document DP/FPA/1997/14; the report of the ACABQ on the proposed biennial support budget (DP/FPA/1997/15); the Fund's annual financial review, 1996 (DP/FPA/1997/13); and the report on the evaluation of UNFPA staff training activities (DP/FPA/1997/11).

238. Before introducing the financial and budgetary questions before the Board, the Executive Director began her statement by reiterating the Fund's strong support for the United Nations reform process that had been initiated by the Secretary-General. She brought delegations up to date on the planning for a follow-up to ICPD, which would include, if approved by the General Assembly, an international forum in 1999 and a report that would be submitted to the

UNDP/UNFPA Executive Board, to the 1999 session of the Economic and Social Council, and to a two-day meeting of the General Assembly at its fifty-fourth session, if such an event were agreed to.

239. The Executive Director brought up the question of the potential consequences if the financial targets for population and reproductive health that had been agreed to at ICPD were not realized. She said that the international community had agreed on resource goals that it could easily honour, if it had the will to do so. Those resource goals included contributions to UNFPA, and, albeit still unclear, it appeared that the Fund would not attain its income target of $325 million for 1997, although it hoped to come within 6 to 8 per cent of that figure. One major factor was the strength of the United States dollar, which had reduced the converted value of many pledges. The Executive Director called on the Board to help to find a way for UNFPA, along with other United Nations funds and programmes, to achieve a more stable and assured funding base.

Introduction by the Executive Director

240. In reviewing the financial situation for 1996, as contained in document DP/FPA/1997/13, the Executive Director reported that income in that year had remained static at $308.8 million, a slight decrease of 1.2 per cent from the previous year. Expenditures had slightly exceeded $300 million, leaving $27.2 million in unspent general resources. A major reason for the amount of unspent resources was the uncertainty of the receipt of a few major pledges in the last part of the year, which had forced the Fund to slow down its rate of programme expenditures and had, in fact, forced it to use some funds from its operational reserve at the end of the year in order to meet its financial obligations. The late pledges were subsequently received, and the operational reserve was replenished to its full level of $63 million by mid-January 1997. The Executive Director reported that national execution of UNFPA programme activities had increased by 36 per cent compared to the previous year. The costs for administrative and programme support services were slightly higher in 1996 than in 1995, making up 17.1 per cent of regular resource income compared to 16.1 per cent the year before.

241. In introducing the proposed biennial support budget for 1998-1999 to the Board (DP/FPA/1997/15), the Executive Director began by outlining the strategy that had guided the development of the budget. The four main elements of that strategy were: (a) strengthening operations at the country level; (b) enhancing internal oversight and evaluation; (c) strengthening human resource capabilities; and (d) enhancing the Fund's management information systems. In achieving these goals, the Executive Director proposed to strengthen the staffing of country offices by appointing seven new UNFPA representatives and one new international programme officer (IPO), including two staff who would be reassigned from headquarters, to offices in Chad, Guinea-Bissau, Haiti, Jordan, the Lao People's Democratic Republic, Mongolia, the Occupied Palestinian Territories and Turkey. She proposed reassigning two IPO posts from Viet Nam and Nicaragua to Cambodia and Peru. She also asked the Board to approve the creation of 47 other posts in country offices for locally recruited staff. This would allow, among other things, for setting up new support offices in the five Central Asian republics and in Armenia, Georgia and the Russian Federation. In

discussing personnel matters, the Executive Director also brought the Board's attention to the fact that the Secretary-General had reinstated the level of Assistant Secretary-General for the Fund's second Deputy Executive Director post.

242. In other efforts to increase the Fund's human resource capabilities, the Executive Director reported that she was presenting to the Board a report on an evaluation of the Fund's staff training activities (DP/FPA/1997/11) and was requesting a training budget of $2.3 million, 80 per cent of which would be devoted to activities in country offices, which would include measures to implement the recommendations that came out of the evaluation. In improving its management information systems, the Fund would concentrate on the ongoing redesign and redevelopment of the existing core systems, continuing improvements in networking and communications, and upgrading equipment and software to further improve productivity. The total investment, including staff costs, would be $5.5 million, 10 per cent more than the current appropriation.

243. In summarizing her recommendations, the Executive Director said that the proposed support budget would constitute 17.1 per cent of estimated total resources, including multi-bilateral resources, down from 18.4 per cent in the period 1996-1997. The net budget allocated for management and administration of the organization would be 5.1 per cent of total resources compared to 5.6 per cent in the previous biennium. The proposed budget would represent a net decline in resources devoted to headquarters and a slight increase in spending in the country offices, which was necessary in order to strengthen field operations. Returning to the uncertainty regarding the Fund's income that she had mentioned at the beginning of her statement, the Executive Director said it was of paramount concern and that she would, of course, closely watch the resource situation to see that expenditures reflected income received and would adjust as necessary by, for example, increasing vacancy rates in personnel posts, delaying recruitment and reducing operating expenses.

244. The Executive Director said she thought that in approving a support budget the Board should not take a strictly short-term view, but needed to look at the long-term trends of the Fund's growth and at the resources and infrastructure that it needed to carry out its work, as mandated by the Board. She noted that, unlike many agencies, UNFPA had experienced increases in its income in recent years, partly because it was the only major multilateral organization working in its field. She pointed out that it would be relatively easy to reduce the budget, although that would also entail certain costs, but if it later became necessary to expand, the costs just to recruit and train staff would be enormous. As a small organization, the Fund needed to maintain a critical mass of staff and support services no matter what the short-term fluctuations in income were. She further reminded delegations that if UNFPA did not have the staff and resources to carry out its advocacy work, that fact would likely be translated into reduced resources in the future.

245. In discussing the recommendations of ACABQ, as contained in document DP/FPA/1997/15, the Executive Director said that she felt that the rather large number of posts at the P-5 level or higher was justified by the nature of the Fund's activities, which required highly skilled and experienced individuals, especially in carrying out its technical, oversight and evaluation functions and

in managing the country offices. She said that the inclusion of the costs of CSTs in the biennial support budget, as recommended by the ACABQ, did not seem advisable since those posts were clearly programmatic, in that their functions changed quite frequently in relation to programme needs, and that that had been the decision of the Governing Council when the system was set up in 1991. Moreover, the treatment of those costs as presented in the proposed budget was in conformity with the decisions on the harmonization of the UNICEF, UNDP and UNFPA budgets.

246. The Executive Director said that she agreed with the recommendations of ACABQ that the reimbursement of income tax paid to staff members should be charged directly to the voluntary contribution of the donor country that levied such taxes. Therefore, she was presenting to the Board some revised budget tables that reflected a net budget that was $3.8 million lower than the proposed budget in document DP/FPA/1997/14 owing to the inclusion of the income tax reimbursement as income. As a result, the support budget as a percentage of resources would be reduced accordingly from 17.1 per cent to 16.5 per cent. The net budget for management and administration of the organization would be 5.0 per cent. The revised budget tables were attached to the statement of the Executive Director and distributed to the Board together with additional documentation that contained supporting information concerning the budget proposal and the annual financial review.

247. In concluding, the Executive Director emphasized that the proposed biennial support budget was formulated with the aim of enabling UNFPA to implement its activities so that countries could achieve their long-term ICPD goals while keeping administrative costs at a minimum and maintaining a reasonable balance between administrative and programme expenditures. She assured the Board that, as in the past, expenditures would be managed in line with the actual level of resources that were mobilized.

Questions and comments by the Board

248. Many delegations thanked the Executive Director for her comprehensive statement, which had clarified many of the questions that they had about the Fund's financial situation and proposed budget. Some delegations said that they found it useful to discuss all of the financial documents together. Several found the documentation on the budget and the annual financial review to be both well-presented and transparent and were pleased with the budget format, which had been harmonized with the presentations of both UNDP and UNICEF. Many delegations indicated their general support for the budget strategy, especially the focus on strengthening operations at the country level, supporting decentralization and moving some posts from headquarters to the field. These were frequently cited as good examples of positive managerial changes, as was the establishment of the Office of Oversight and Evaluation in the Office of the Executive Director. Several delegations also supported the opening of UNFPA offices in different countries of the Commonwealth of Independent States since it was obvious that a UNFPA presence was needed in those countries in order to implement the Fund's assistance effectively. Some delegations asked more generally whether it might be possible to transfer even more functions to the field.

249. While acknowledging that the proposed support budget was, in fact, only a slight increase over the previous budget, several delegations asked whether there should be any increase in the budget at all or whether, given the expectation of resources, there should not be a decrease instead. One delegation stressed that its Government was looking for a zero-growth budget. In this regard, several delegations questioned the 7 per cent annual growth in income adopted in the Fund's work plan for 1998-2001, which had been approved by the Board at its annual session in 1997. One delegate stated that although the Board had approved that figure, it appeared to be less and less realistic; he therefore suggested that the Board should try to deal with the likely situation and not a hypothetical one. Another delegation said that perhaps the 2 to 3 per cent annual growth rate forecast by UNICEF was more realistic. The same delegation said that the greater predictability of income that had been requested by the Executive Director in her statement was perhaps not as important as was the ability to react quickly to changes in income levels. Another delegation said that his country would be willing to pay its contribution earlier in the year provided such early payment were also part of an overall strategy of all donors.

250. Several delegations agreed with the Executive Director that UNFPA needed to manage the implementation of the budget with a long-term view in mind but asked what contingency measures the Fund had in place to manage the income gap, should income fall short of the estimated levels. In that regard, however, several other delegations pointed out that a potential shortfall in income was not simply a problem of the Administration. The Executive Board needed to look at the UNFPA budget in the context of the overall mobilization of resources for population activities and to encourage countries to meet the obligations they had agreed upon at ICPD. In discussing those obligations, one delegation noted that the Executive Board had adopted many decisions on activities that it wanted the Fund to undertake. When the Fund came back to the Board with a budget that would enable it to carry out those activities, it was not enough for the Board to say that the necessary resources might be lacking. It was the Board's responsibility, therefore, to help UNFPA realize the income that it needed to carry out its work.

251. Delegations asked the Executive Director how realistic the Fund's income projections were vis-à-vis current donor pledges. One delegation pointed out that the dependence of UNFPA on a few major donors put the Fund in a very vulnerable position if one or more of these donors reduced their funding, which appeared to be the case. Given the uncertainty in funding, some delegations asked whether it was vital to staff the proposed new field offices immediately. One delegation asked what progress had been made on establishing a more predictable resource base.

252. One delegation pointed out that table 14 in the annex of the annual financial review, 1996 (DP/FPA/1997/13) was highly relevant to the budget discussion. It showed that trust-fund, or multi-bilateral, contributions to the Fund had increased over time. Several delegations expressed concern about that increase in multi-bilateral contributions. They stated that all contributions were welcome, but if non-core financing were to make up an ever larger percentage of the total, it could be seen as a threat to the principles of multilateralism. In discussing multi-bilateral funding, several delegations

said that they felt that the 5 per cent administrative cost charged by the Fund for administering such activities was too low.

253. One delegation asked for clarification on how far the implementation of the recommendations of the Board of Auditors had proceeded, since those recommendations had been made at the beginning of the year. The same delegation asked whether it would be possible to separate out expenditures for the Arab States from the total given for the Arab States region and Europe. The delegation further asked for clarification on the liquidity situation of the Fund, noting that the disbursement level seemed to be higher than the receipts. How was that managed?

254. Several delegations asked how the proposed budget would fit in with the Secretary-General's proposed reforms of the United Nations system. In particular, questions were asked as to how the proposed common premises for United Nations agencies might affect costs. One delegation pointed out that the Secretary-General's proposed Track II reforms had not yet been considered by the General Assembly; it was therefore premature to discuss them in the context of the current budget proposal. Thus, it was best to separate the Track II reform proposals from the UNFPA budget proposals.

255. Several delegations asked questions on specific issues. One asked for an explanation of why, in table 3 of document DP/FPA/1997/14, the programme support costs for country offices were given as $67.4 million, while in summary table I of the same document the costs were presented as $73.5 million. Several asked questions concerning the recommendation of ACABQ that support costs for the TSS system should be considered as part of the support budget rather than as programme costs, as was the current practice. One delegate asked for clarification on why some publications were included in project budgets and others were counted as part of the support budget. Another asked for more clarification and explanation about the $16.8 million mentioned by the administration as estimated savings for the period 1996-1997. The same delegation asked why the Executive Director had gone ahead with the Secretary-General's recommendation to upgrade one of the Deputy Executive Director positions to Assistant Secretary-General without consulting the Executive Board first.

256. In discussing the annual financial review, 1996 (DP/FPA/1997/13), one delegation noted that there had been a slight increase in the national execution of UNFPA programmes and thought that that was a good trend. Several delegations asked why expenditures in sub-Saharan Africa had decreased in spite of Executive Board decision 96/15. They asked if that result was chiefly a problem of absorptive capacity or a question of management on the part of UNFPA. One delegation said that if absorptive capacity in Africa was the problem, then perhaps it would have been wise to increase the UNFPA staffing in the region, especially of offices headed by resident UNFPA Representatives, even more than what had been proposed in the budget - only two of the new Representative posts were in Africa. Other delegations asked specific questions on other proposed offices: Why were UNFPA Representatives being proposed for Jordan and Turkey, even though neither was categorized as an "A" country for UNFPA assistance? Where was the office in the Occupied Palestinian Territories going to be located? One delegation said that it subscribed to the view expressed in the

ACABQ report that administrative costs both in headquarters and the field had to be contained. The delegation accepted the rationale given in the budget for establishing the new offices; perhaps the same rationale should be applied to existing country offices. Those offices that could not be justified using the same criteria could perhaps be reduced in size or consolidated.

257. Concerning the report on the evaluation of staff training activities (DP/FPA/1997/11), one delegation said that it was left with the impression that staff training was looked upon more as a reward system than one that was designed to help the organization meet its needs. The delegation also said that the report did not convey a sense that the results achieved had matched the resources expended. Another delegation thought that the report could have been more analytical and asked what effect the decentralization of field operations would have on staff training activities. A third delegation asked how the ICPD Programme of Action had been reflected in training activities. Another regretted that the evaluation of staff training activities had not, under the format of the discussion, received the attention that it deserved; nonetheless, the report did make it clear that the staff were being trained to implement the Programme of Action of ICPD.

Response by the Administration

258. The Executive Director thanked the delegations for their supportive comments. On the question of whether the Fund's income projections were realistic or not, the Executive Director noted that she had looked back over the previous five work plans and had found that the resource projections in them had, in fact, been more or less on target. This was the first year in which the work plan figures seemed over-optimistic; even now, however, it was impossible to say whether there would be a shortfall or not. Two of the Fund's largest donors were making decisions at that moment on their official development assistance (ODA) for the coming year. One was debating its foreign assistance legislation that very day; the other had announced that there would be cuts in its overall ODA, but it was still not clear which agencies would be most affected. She could not say at that point whether the Fund would or would not realize its income objectives. She pointed out, however, that even if there were a significant shortfall, the proposed biennial support budget would still likely represent less than 18 per cent of total income, and there were very few United Nations agencies, or indeed non-governmental organizations, that were able to keep their administrative overhead so low. She assured delegations that she would keep the Board apprised of the Fund's income situation.

259. The Executive Director reminded delegations that discussion of the Fund's future income levels was directly tied to the question of resource mobilization for population and reproductive health programmes in general and that this issue would be discussed in greater depth at a future date in relation to document DP/FPA/1997/12, "Meeting the Goals of the ICPD: Consequences of Resource Shortfalls up to the Year 2000". She reiterated that the international community had made certain commitments at the Cairo Conference and that the UNFPA support budget was in large measure a reflection of what the Fund felt it would require to carry out its own responsibilities in implementing the ICPD Programme of Action within the timetable agreed upon in Cairo. She realized that the Fund had a relatively small resource base - 90 per cent of its income

came from donations from 14 donors - and that that put the Fund in a vulnerable situation. She therefore asked the Board what it could do to help ensure a more stable resource base for UNFPA. She also repeated what she had said in her opening statement, namely, that it would not be wise to let short-term variations in resource levels deter the Fund from carrying out its work. If the income did not materialize, UNFPA would, as she had said, have to make adjustments to its expenditure levels in order to take that into account, and she would, of course, keep the Board informed.

260. In discussing the financial situation at the end of 1996, she pointed out that it had clearly shown the need for an operational reserve at a level of 20 per cent of regular resource income. She reported that the reserve had been fully restored to its authorized amount at the beginning of 1997. So far in 1997, there was only a small amount of outstanding pledges for the year, but the Fund was, of course, trying to increase contributions for the year in order to meet its income estimates. She reiterated her request that donors pay as early in the year as possible. She also wished that it were possible to receive multi-year pledges from donors - at an increasing level, of course.

261. With regard to the question of the 5 per cent surcharge for administrative expenses for multi-bilateral funding, the Executive Director agreed that the amount was probably inadequate to reflect the true costs and, in that sense, regular resources were being used to some extent to subsidize multi-bilateral activities. The Fund was reviewing its own experience with such funding arrangements, as well as that of other similar agencies and organizations, with a view to arriving at a more equitable charge for administrative overheads. She agreed that it was not a good trend that multi-bilateral funding was increasing as a percentage of total income.

262. Concerning the question on the Fund's audit reports, the Executive Director said that the qualified audit opinion was a systemic problem for all United Nations agencies that had to get audited financial data on nationally executed projects from sovereign Governments; the problem, therefore, needed to be addressed by the United Nations system as a whole. Similarly, the decentralization of responsibilities to country offices required good accountability systems. Consequently, the Fund had revised its guidelines to be sure that such systems were in place and was revising its staff training programmes accordingly. Once the new guidelines had been implemented, the plan was to give full decentralized authority to all country offices headed by UNFPA Representatives.

263. The Deputy Executive Director (Policy and Administration) reported that with respect to the qualified audit opinion he had had a meeting with the Board of Auditors to discuss their proposals for concrete action and that the Executive Director had taken steps to strengthen follow-up regarding audit requirements for nationally executed projects. He reiterated the importance of having the issue addressed system-wide. He reminded delegations that the Fund would submit a report to the Board at its first regular session in 1998 on the implementation of the recommendations of the Board of Auditors.

264. In addressing questions about the Secretary-General's reform proposals, the Executive Director pointed out that there were two types of reform - those

within the Secretary-General's prerogative (Track I) and those requiring the approval of the General Assembly (Track II). Track I reforms were already well under way. Track II reforms did indeed have to be acted on by the General Assembly before they could be put in force. However, many of the issues on common services that had been raised by delegations actually pre-dated the reform proposals. These and other related issues were being addressed in a number of subcommittees that had been established for this purpose. The subcommittees had not yet completed their work and therefore had not yet disseminated their findings and recommendations. For its part, UNFPA did not have large units to deal with administration, personnel and finance, but rather paid a subvention to UNDP for these services. She noted that the Fund already shared most of its premises with other agencies in the Joint Coordinating Group on Policy; therefore, there were not likely to be large additional savings in that area.

265. As for the current reforms and coordination among United Nations agencies, the Executive Director reported that the recently constituted United Nations Development Group (UNDG) should be able to help in harmonizing policy and practices at the country level, including such things as salaries, travel costs and the audit procedures referred to above.

266. The Director of the Division for Finance, Personnel and Administration answered the specific question about the difference in the amounts given for programme support costs for country offices in table 3 and summary table I in document DP/FPA/1997/14, noting that the figure provided in table 3 was a net figure, while the figure provided in summary table I was a gross figure, as had been agreed in the presentation of harmonized budgets for UNFPA, UNDP and UNICEF.

267. The Executive Director addressed the issue of the TSS posts by saying that they were clearly programme-related and should be included in programme budgets and not in the proposed biennial support budget. The posts were not permanent posts; they could be reconfigured or redefined. Such flexibility enabled the TSS system to adapt fairly quickly to the ever-changing needs for technical assistance. These issues had been extensively discussed by the Governing Council in 1991 when UNFPA first submitted its TSS proposal to the Council for its consideration and approval. The decision to fund the posts from programme budgets had thus benefited from extensive dialogue. The budgetary treatment was also in conformity with the decisions on the harmonization of the UNICEF, UNDP and UNFPA budgets.

268. In responding to questions about why certain publications were included in project budgets while others were included in the support budget, she said that that was largely a function of the nature of the publications themselves. On the one hand, the State of World Population report was, for example, considered to be a global-level advocacy activity. Its aim was to promote dialogue and exchange of information on wider issues of population and development. It therefore was given its own project budget. The publications included under the support budget, on the other hand, were in essence designed to promote greater awareness and understanding of the work of UNFPA per se. They were therefore included under the support budget. The Deputy Executive Director (Policy and

Administration) explained that the Governing Council had considered the issue in depth in 1991 and had accepted that rationale in its decision 91/36.

269. The Executive Director agreed with delegations that Africa was a priority for the Fund and said that the Fund was devoting considerable efforts to increasing expenditures in Africa. There had been some difficulties in staff recruitment for the African field offices, but those bottlenecks had been solved. She reported that 45.9 per cent of the Fund's field staff would be stationed in Africa in 1998-1999. She said that she trusted that the UNFPA study on absorptive capacity currently being carried out would help in increasing implementation rates in sub-Saharan African countries. She pointed out that many new programmes were starting up in Africa - they were genuinely new programmes designed to reflect post-ICPD thinking and that getting them off the ground required considerable effort.

270. The Executive Director said that she was pleased that national execution of UNFPA programmes was increasing and assured the Board that evaluation and monitoring of those programmes were being stepped up commensurate with the increased volume of activities. As for execution by NGOs remaining static, she said that the Fund greatly valued its links with both international and national NGOs, and the Board should look for the percentage of execution by those organizations to go up in the future.

271. In discussing the Fund's proposals for new support offices in the Commonwealth of Independent States, she reported that all of the offices that were being proposed would be staffed by national staff and housed in already existing UNDP offices, both of which would help in containing costs. She said that in the Commonwealth of Independent States and eastern Europe, programmes currently were being handled by the offices in Romania and Albania, which were overstretched and thus could not manage the increased activities in those countries. She said that since all of the countries involved were countries in transition, it was planned that it would eventually be possible to phase out the new field offices.

272. On the question of the Assistant Secretary-General post, the Executive Director said that the decision to reinstate that grade for the second Deputy Executive Director had been made by the Secretary-General, it having been the previous Secretary-General who had downgraded it. The difference in grade amounted to a cost of about $20,000 a year. The total of two Assistant Secretary-General posts at UNFPA was well within the normal and usual practice within the United Nations system.

273. In response to questions about staffing in the Arab States, the Executive Director reported that the Fund currently had 106 staff members working in the Arab States and Europe region, 87 of whom were based in Arab countries and 19 of whom were located in Europe. She said that as much as 99 per cent of the work of the CST located in Amman, Jordan, was devoted to work in the Arab States region. One reason for that was that much of the technical advisory services on reproductive health questions in European programme countries was provided by the WHO regional office in Copenhagen, Denmark.

274. As for the evaluation of staff training activities, the Executive Director said that she agreed with the comments that had been made by delegations but that the Board should be aware that the Fund was just now beginning to implement the recommendations in the report. She felt that the evaluation as such had not been as good as it could have been, even though she did agree with its recommendations. She would be reporting back to the Board as the recommendations were implemented. The Deputy Executive Director (Policy and Administration) reported that several of the recommendations were already being implemented, such as the greater use of interactive media, the use of training-of-trainers techniques and the empowerment of field offices to carry out their own training initiatives as well as initiatives to give greater responsibility and involvement in training to managers and supervisors. He also reported that all of the training activities had built-in evaluation mechanisms.

275. Following the responses of the Administration, one delegation said that it felt that it had not received adequate replies on three questions: whether there would be proportionate cuts in administrative expenses if projected income levels were not realized; clarification on the $16.8 million referred to in the Executive Director's introductory remarks in reference to expenditures in 1996-1997; and why the promotion of the Deputy Executive Director to Assistant Secretary-General had not been presented to the Board for its consideration.

276. The President of the Executive Board said that he thought that the Executive Director had replied to the question about the Assistant Secretary-General post by saying that it was within the prerogative of the Secretary-General to make the determination. The Director of the Division of Finance, Personnel and Administration said that, as it had always done in the past, the Fund would take necessary measures to ensure that budget expenditures were in line with its income. She also said that the $16.8 million had been appropriately designated as 'savings', as this included such items as a reduction in rental costs at headquarters that had not been anticipated in the previous 1996-1997 budget. She referred the members of the Board to the supporting documentation that had been distributed earlier together with the Executive Director's statement. The supporting documentation contained additional details concerning the estimated savings of $16.8 million that had been realized in the 1996-1997 budget. She indicated that she would be available for further clarification, in addition to furnishing the supporting documentation, if needed.

277. The Executive Board took note of the report on the evaluation of UNFPA staff training activities (DP/FPA/1997/11) and requested the Executive Director to make an oral presentation to the Executive Board on the implementation of the recommendations of the evaluation at the second regular session 1998.

278. The Executive Board took note of the report on the UNFPA annual financial review, 1996 (DP/FPA/1997/13).

279. The Executive Board adopted the following decision on estimates for the support budget of the United Nations Population Fund for the biennium 1998-1999:

97/26. Estimates for the support budget of the United Nations Population Fund for the biennium 1998-1999

The Executive Board

1. Takes note of the 1998-1999 biennial support budget estimates of the United Nations Population Fund, as contained in document DP/FPA/1997/14, as well as of the report of the Advisory Committee on Administrative and Budgetary Questions thereon (DP/FPA/1997/15);

2. Urges the Executive Director to make every effort to contain both the administrative and the programme support costs at headquarters and in the field, as recommended by the Advisory Committee on Administrative and Budgetary Questions;

3. Also urges the Executive Director to keep under review the prevailing climate of uncertainty regarding future income, particularly by delaying the filling of the proposed new positions of UNFPA Representatives at an estimated cost of $1,635,044, when implementing the budget for the 1998-1999 biennium;

4. Welcomes the new format for the presentation of the budget in line with decision 97/6, item 5, on the harmonization of budget presentations;

5. Approves gross appropriations in the amount of $143,255,500 for the purposes indicated below and resolves that the income estimates of $15,707,000 shall be used to offset the gross appropriations, resulting in estimated net appropriations of $127,548,500;

1998-1999 biennial support budgets*
(Thousands of United States dollars)

Programme support:	
Country offices	73 484.2
Headquarters	26 811.5
Subtotal	100 295.7
Management and administration of the organization	42 959.7
Total gross appropriations	143 255.5
Less: Estimated income to the budget	15 707.0
Estimated net appropriations	127 548.5

* As reflected in the table on "UNFPA resource plan", dated 15 September 1997 and distributed on 17 September 1997 to the Executive Board.

6. Authorizes the Executive Director to redeploy resources between appropriation lines up to a maximum of 5 per cent of the appropriation to which the resources are redeployed;

7. Requests the Executive Director to report to the Executive Board at its third regular session 1998 on progress in implementing the support budget for the biennium 1998-1999, taking into account relevant developments until that time as well as foreseeable trends with regard, inter alia, to the income level for 1998 and the projections for 1999, the expected level of programme expenditure in 1998, as well as the United Nations reform process;

8. Also requests the Executive Director to present an oral report to the Executive Board at its second regular session 1998 on the criteria and mechanisms to be used for any readjustment to the biennial support budget for 1998-1999 in the event of any significant shortfall in income;

9. Recommends that the Executive Director undertake a study on multi-bilateral and trust fund arrangements and report to the Executive Board at the third regular session 1998, taking into account the ongoing study of the United Nations Development Programme on the same topic.

19 September 1997

280. Following the adoption of decision 97/26, two delegations requested that their comments on the decision be recorded. The German delegation said that it understood that paragraph 3 of decision 97/26 constituted a freeze of $1,635,044 and related posts for new UNFPA Representatives. The funds and posts would only be available if and when the income projections mentioned in the budget materialized. Furthermore, the delegation's understanding of paragraph 2 of the decision was that the recommendations of the ACABQ applied in all its elements, including the entire paragraph 23 of the ACABQ report. The German delegation deeply regretted the manner in which the Executive Board had conducted the budget decisions, inter alia, by using different yardsticks in handling the budgets of UNDP and UNFPA.

281. The delegation of the Libyan Arab Jamahiriya said that in its view UNFPA did not take into account in its calculation the projected savings of $16.8 million. The delegation expected that the Executive Director, in her report at the second regular session in 1998, would disclose how the savings were treated in the calculation of the biennial support budget for 1998-1999.

VIII. UNFPA: RESOURCE MOBILIZATION

282. The President reported to the Board that, unfortunately, because of the crowded agenda, it would not be possible to devote the time that was warranted to the question of the mobilization of resources for population and reproductive health programmes. Rather than cut off debate, he proposed that detailed discussion of resource mobilization be put off until a later date, but he asked the Executive Director if she had any brief remarks that she would like to make. The Executive Director said that, at the request of the Board, the Fund had prepared a revised version of its previous paper on the consequences of resource

shortfalls - the new version had been presented to the Board at its present session in document DP/FPA/1997/12. The document differed from its predecessor chiefly in providing more detail on the methodology that had been used in developing its estimates and projections. However, the conclusions of both studies were the same: if the international community did not live up to the financial commitments that it had made at ICPD in Cairo in 1994, there would be serious repercussions for the reproductive health of people in developing countries and for efforts in stabilizing world population.

283. Several delegations asked for the floor after the Executive Director's statement. One delegation pointed out that the paper on resource shortfalls had implications that went far beyond the question of resource mobilization for UNFPA and hoped that it would be possible to disseminate it widely. That delegation was joined by two others in saying that the study should be a valuable contribution to the "ICPD + 5" review process that would be taking place. One delegation stated that the phrase "donor funds" as used in the report was inaccurate in that it included only donors' "primary funds", i.e., funds specifically earmarked for population activities and did not include other contributions that donors made to development banks, multilateral organizations other than UNFPA and to other organizations. Another delegation said that it concurred that the report did not include all bilateral funding that went to related activities. Perhaps that made the situation seem more serious than it actually was. The same delegation asked to what extent the 20/20 initiative would help to mobilize resources.

284. The Executive Director said that the report would be given wider dissemination once the Executive Board had had a chance to consider it in depth and that it, or a similar study, would be used in the "ICPD + 5" review process. She said that the Fund would continue to update the data that were used in the report as well as to improve the quality of the data used, and she appreciated any assistance that Governments could provide in that regard. The Executive Director said that it was not entirely clear to what extent the 20/20 initiative would benefit population and reproductive health programmes; it seemed to be covering more and more kinds of activities.

285. The Executive Board decided to continue consideration of item 8 on UNFPA resource mobilization at its second regular session 1998.

IX. UNFPA: COUNTRY PROGRAMMES AND RELATED MATTERS

286. In its approval of the revised work plan for the present session, the Executive Board decided to postpone consideration of the six country programmes included in item IX of the provisional agenda, UNFPA country programmes and related matters, until the first regular session 1998.

X. OTHER MATTERS

Field visits

287. The Executive Board agreed to postpone discussion of Board members' field visits to Jamaica, the Turks and Caicos Islands and Cuba (DP/1997/CRP.24) and to Kyrgyzstan and Latvia (DP/1997/CRP.26) to an informal meeting on 9 October 1997.

Assistance to the Democratic Republic of the Congo

288. The Acting Director of the Regional Bureau for Africa presented an oral report on the situation in the Democratic Republic of the Congo, as requested by the Executive Board in its decision 97/19. He expressed the hope that the implementation of the human rights mission to Kinshasa would commence in the near future. There had been an absence of agreement on the work of the mission. Several States had also fielded missions to the country. Preparations for a 'Friends of Congo' meeting were also under way. It was hoped that these activities would send the message that the United Nations system remained engaged in the country during the early stages of the new Government. Discussions had taken place on the Government's long-term vision for the country and on a proposed reconstruction strategy, including demobilization.

289. UNDP had launched a mission to the Democratic Republic of the Congo, which had identified three areas in which contributions could be made to building the capacities of the new Government: (a) reversal of the country's brain-drain through the return of expatriate nationals; (b) policy analysis and coordination; and (c) aid coordination. The Secretary-General had appointed the Administrator as convenor of a task force on reconciliation, reconstruction and regional stability, which would plan the presence of United Nations organizations to work in the country within the framework for post-conflict reconstruction.

290. The Executive Board took note of the oral report on the Democratic Republic of the Congo.

Reserve for Field Accommodation

291. The Administrator delivered an oral progress report to the Executive Board on the Reserve for Field Accommodation (RFA). He stated that the external investigation, which related principally to the activities of contractors and subcontractors, was proceeding well. The United Nations Office of Internal Oversight Services was assisting the UNDP Office of Audit and Performance Review with the ongoing external investigation. Investigators had visited RFA construction projects in a number of countries and numerous individuals had been interviewed. The Administrator explained that he was not in a position to provide details that could hinder the investigations or prejudice the results. He was convinced that the outcome would contribute to a strong message of accountability to all concerned.

292. Summarizing the contents of his letter of 6 June 1997 to Executive Board members, the Administrator provided information on actions taken and developments with respect to the personal responsibility and accountability of

UNDP staff. He also reviewed the information contained in that letter with regard to strengthening financial management in UNDP. In that regard, the Bureau for Finance and Administrative Services had launched a complete review of UNDP financial regulations and rules. New policy concepts based on lessons learned and changes in the management culture of UNDP towards delegation and decentralization of authority were being developed. Accountability tools and processes, including control self-assessment exercises, were being developed, in line with practices sponsored by many Governments. The Office of Human Resources was designing a framework on ethics that would clarify expectations and guidelines for financial control, project management and contract administration functions. More attention would be given to finance and management oversight in future training activities.

293. The Executive Board took note of the oral report of the Administrator on the Reserve for Field Accommodation.

Global Mechanism of the United Nations Convention to Combat Desertification and/or Drought in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa

294. The Assistant Administrator and Director, Bureau for Development Policy, gave an oral report on developments concerning the Global Mechanism of the United Nations Convention to Combat Desertification and/or Drought in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa. A decision on the arrangements for hosting the Global Mechanism would take place during the first Conference of the Parties to the Convention, which would be held from 29 September to 10 October 1997, in Rome, Italy. The Executive Board had been briefed in 1995 and 1996 on the issue of the availability of UNDP to host the Global Mechanism. There had been a number of developments since the previous briefings.

295. The Administrator had outlined the capacities of UNDP that would make it a suitable host for the Global Mechanism at the eighth session of the Intergovernmental Negotiating Committee for the Elaboration of an International Convention to Combat Desertification and/or Drought in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa, in Geneva, Switzerland, in February 1996. At that time, the Administrator had put forward the idea of co-hosting the Mechanism with the International Fund for Agricultural Development (IFAD). At the tenth session of the Intergovernmental Negotiating Committee, held in New York, in January 1997, UNDP and IFAD were requested to submit updated versions of their proposals for hosting the Global Mechanism by 1 May 1997. The Assistant Administrator informed the Board that much progress had been made on the functions and terms of reference of the Global Mechanism, and that the text would be finalized during the meeting of the Conference of Parties in Rome. At the June 1997 Special Session of the United Nations General Assembly the President of the World Bank offered to assist in the implementation of the Convention, in partnership with others, and in establishing mechanisms for mobilizing financing and coordinating implementation, an offer that was reiterated at the resumed tenth session of the Intergovernmental Negotiating Committee, held in Geneva, Switzerland, from 18 to 22 August 1997.

296. UNDP, IFAD and the World Bank met on 18 and 19 September 1997, in Rome, Italy, to consult on and develop a proposal for a possible collaborative institutional arrangement for the Global Mechanism, for submission to, consideration and appropriate action by the Conference of Parties. The three organizations have so far maintained the position that the basic operational costs of the Global Mechanism should be borne by the budget of the Conference of Parties, with supplemental support from the organizations themselves.

297. The Executive Board would be consulted, as appropriate, after a decision was reached by the Conference of Parties regarding the administrative and operational modalities for hosting the Global Mechanism, if UNDP were selected to assume such a responsibility.

Terms of reference of the WHO/UNICEF/UNFPA Coordinating Committee on Health

298. The President introduced the discussion of the terms of reference of the WHO/UNICEF/UNFPA Coordinating Committee on Health (CCH) (DP/FPA/1997/17) by informing the Board that he had received a letter from the Executive Director of UNICEF that had apprised him of a recent decision of the UNICEF Executive Board. In its decision 1997/27, the UNICEF Executive Board had taken note of the terms of reference for the CCH that had been adopted by the WHO Executive Board in May 1997 and had proposed some amendments to them. The President asked that copies of the UNICEF Executive Director's letter and the attached decision be distributed to the Board and asked the UNFPA Executive Director if she had any comments. The Executive Director said that her main concern was that the new Coordinating Committee begin its work as soon as possible. She was disappointed that to date the efforts to enhance cooperation and collaboration among United Nations agencies in the health field by convening the new Committee and having it begin its work had not been realized.

299. Several delegations agreed with the Executive Director that the important thing was to facilitate the work of the new Committee, which had already been constituted by the Executive Boards of the three agencies concerned. One delegation said that it had participated in the discussion of the proposed terms of reference at the UNICEF Executive Board and felt that the amended terms of reference as approved by that body were more balanced, the previous version having focused too much on reproductive health. Several other delegations concurred with that view. Some delegations, however, thought that the terms of reference as approved by the WHO Executive Board, which had been presented to the UNDP/UNFPA Executive Board in document DP/FPA/1997/17, were preferable. Several delegations then stated that the best course would be to convene a meeting of the Committee as soon as possible and have it discuss the terms of reference and refer an agreed-upon version back to the three Executive Boards. Otherwise, various draft terms of reference might be sent back and forth between the three Boards for a considerable time and the actual work of the Committee might be delayed indefinitely. One delegation asked why the new body had dropped the name of its predecessor - the Joint Committee on Health Policy.

300. The Executive Director responded that the name change had resulted from the understanding that it was within the mandate of WHO to set health policy for the entire United Nations system. She said that she disagreed that the draft terms of reference as presented to the UNDP/UNFPA Executive Board had focused too much

on reproductive health; nevertheless, the crucial thing was for the Committee to meet and begin its work, not just on procedural questions such as the terms of reference, but on substantive issues as well.

301. The Executive Board approved the following decision:

97/28. Functioning of the Coordinating Committee on Health

The Executive Board

1. Takes note of the proposed draft terms of reference of the WHO/UNICEF/UNFPA Coordinating Committee on Health as contained in document DP/FPA/1997/17;

2. Recommends that the WHO/UNICEF/UNFPA Coordinating Committee on Health meet as soon as possible to discuss its functioning, including proposed amendments to its terms of reference, taking fully into account the core programme areas of the United Nations Population Fund, as well as substantive issues common to the mandates of the World Health Organization, the United Nations Children's Fund and the United Nations Population Fund;

3. Calls upon the secretariats of the World Health Organization, the United Nations Children's Fund and the United Nations Population Fund to facilitate the convening of such a meeting;

4. Recommends that any agreed amendments made to the proposed draft terms of reference be submitted to the Executive Board of the United Nations Development Programme and of the United Nations Population Fund for its consideration;

5. Requests the President of the Executive Board of the United Nations Development Programme and of the United Nations Population Fund to convey the present decision to the President of the Executive Board of the United Nations Children's Fund and the Chairman of the Executive Board of the World Health Organization.

19 September 1997

Recommendations of the UNFPA Advisory Committee on NGOs

302. The President invited Ms. Monique Essed-Fernandes from the Stichting Projekta in Suriname and a member of the UNFPA Advisory Committee on NGOs to report to the Executive Board on the Advisory Committee's most recent meeting. The representative of the Committee thanked the President and the Executive Director for their help in facilitating her participation in the Executive Board meeting. Although this was the first time that a representative of the Advisory Committee had made such a report, she hoped that the procedure would be regularized in the future.

303. Ms. Essed-Fernandes informed the Board that the Advisory Committee had been formed following the ICPD in 1994 in order to help to forge collaborative

partnerships among UNFPA and national and international NGOs in implementing the ICPD Programme of Action. The Advisory Committee had recently held its third meeting in June. At that time it had adopted recommendations in three priority areas: (a) establishment of structured mechanisms for collaboration with NGOs; (b) consolidation of NGO collaboration through resource allocation; and (c) ways to strengthen NGO cooperation in such priority thematic areas as advocacy.

304. Since the full report of the Committee's recent meeting had been made available to the Board, Ms. Essed-Fernandes said that she would focus in her statement on three specific recommendations that fell within the context of structuring working relations with NGOs and which were relevant to the work of the Executive Board. The first of those recommendations was that input from the NGO Advisory Committee to the Executive Board should be regularized. She said that precedents for structured participation of NGOs already existed within the United Nations system. Structures for such participation should thus be institutionalized. The second recommendation was that the Fund should do a more detailed accounting of the allocation of its resources to NGOs as a way of planning more effectively for the role that NGOs could play in the effort to reach ICPD goals within the set period. The final recommendation was that there should be investment in long-term capacity-building and basic organizational development of partner NGOs. She concluded by requesting that the Advisory Committee stay in consultation with the Secretariat on the development of a structured relationship with the Executive Board. The President thanked the representative for her statement and said that he had been invited to meet with the NGO Advisory Committee in June and had found its work to be very valuable.

Conclusion of the session

305. On behalf of the Executive Director of UNFPA, the Deputy Executive Director (Policy and Administration) thanked the Executive Board for all the work it had done on UNFPA matters during 1997. He also thanked the Bureau and the two Secretariats.

306. The Administrator said the session had been productive and effective. He looked forward to the informal discussion on the ideas proposed for a UNDP funding strategy as well as to taking up the subject of non-core resources at the first regular session 1998. He thanked the Executive Board for its confidence and trust in building a new UNDP, stating that their comments, observations and suggestions would be taken into account in implementation of the decision on the budget (97/24). He would proceed with the request of the Board to seek an additional Assistant Secretary-General post for the Regional Bureau for Europe and the Commonwealth of Independent States from the Secretary-General, including through an amendment to the 1998-1999 budget, as appropriate. He noted that the letter and spirit of existing legislation had been met with current arrangements, since the directors of all regional bureaux served as Assistant Administrators of UNDP. Of the seven Assistant Secretary-General positions that UNDP had once had instead of the present six, one had been relinquished at an earlier stage of United Nations reform. He reiterated that he had often expressed personal reservations regarding raising the matter at the present time.

307. The Executive Board had a critical role to play in applying a substantive and systematic approach to reviewing the country cooperation frameworks, the Administrator stated. He thanked the Board for reviewing the large number of frameworks at the present session and for examining them so diligently and carefully in the time available. He underlined that UNDP would give top priority to the key issues of benchmarks, monitoring and evaluation as it assisted countries in their implementation of the frameworks.

308. The Administrator announced that UNDP was planning a number of activities to commemorate the International Day for the Eradication of Poverty, 17 October 1997, in all regions of the world, with the theme 'A World Without Poverty'. A special event would be held in New York, with the aim of calling attention to the plight of 1.3 billion people living in abject poverty and to honour four individuals for their outstanding contributions to poverty eradication. UNDP country offices would organize local activities.

309. The outgoing Executive Board members of Burundi, Cuba, Ethiopia, Finland, Gambia, Indonesia, the Philippines, Slovakia, Sweden and Switzerland were recognized and thanked for their contribution. The Administrator also welcomed Botswana, Canada, the Czech Republic, Denmark, Ghana, Ireland, Jamaica, Lebanon, the Republic of Korea, South Africa, Spain, and the United Republic of Tanzania, who would join the Board in January 1998. He thanked Mr. Vic Heard of the United Kingdom and Mr. Rudolf Fetzer of Germany, delegates who would be moving to new posts before the next session, and wished them luck in their new assignments. He then thanked the Bureau, in particular the President, Mr. Hans Lundborg, for its work throughout 1997 and contribution to the governance of UNDP.

310. The Administrator announced the appointments of two senior officials in UNDP: Ms. Thelma Awori, as Assistant Administrator and Director of the Regional Bureau for Africa, and Mr. Fawaz Fokaladeh, as Assistant Administrator and Director of the Regional Bureau for Arab States. Many delegations took the floor to congratulate the two appointees.

311. Before the President closed the session, thanking the two Secretariats and the Bureau, the Executive Board adopted the following decision:

97/29. Overview of decisions adopted by the Executive Board at its third regular session 1997

The Executive Board

Recalls that during the third regular session 1997 it:

ITEM 1: ORGANIZATIONAL MATTERS

Approved the agenda and work plan for its third regular session 1997 (DP/1996/L.4/Rev.1);

Approved the report of the annual session 1997 (DP/1997/21);

Took note of the proposed annual work plan 1998 for UNDP/UNFPA Executive Board with the comments made thereon;

Approved the following schedule of future sessions of the Executive Board subject to the approval of the Committee on Conferences:

First regular session 1998:	19-23 January 1998
Second regular session 1998:	20-24 April 1998
Annual session 1998:	8-19 June 1998
Third regular session 1998:	14-18 September 1998

Agreed to the subjects to be discussed at the first regular session 1998 of the Board, as listed in the annex to the present decision;

Requested that a one-day joint session with UNICEF be held in January 1998 to enable an exchange of views on the impact of overall United Nations reform on the Funds and Programmes;

UNDP SEGMENT

ITEM 2: UNDP CHANGE MANAGEMENT

Took note of the report on the UNDP change management updated implementation plan (dec. 97/15) (DP/1997/CRP.22);

ITEM 3: FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

Adopted decision 97/24 of 19 September 1997 on budget estimates for the biennium 1998-1999 (DP/1997/23);

Took note of the report of the Advisory Committee on Administrative and Budgetary Questions on the UNDP budget estimates for the biennium 1998-1999 (DP/1997/31);

Took note of the report on the annual review of financial situation 1996 (DP/1997/24);

Took note of the detailed information relating to the 1996 annual review of the financial situation (DP/1997/24/Add.1);

Took note of the report on the status of management services agreement (DP/1997/24/Add.2) and recommended that the Administrator continue the management service agreement modality;

Took note of the report on subcontracts awarded and major equipment ordered (DP/1997/25*);

Took note of the reports on United Nations system technical cooperation expenditures, 1996 (DP/1997/30 and DP/1997/30/Add.1);

ITEM 4: UNDP: RESOURCES AND FUNDING STRATEGY

Decided to continue consideration of item 4 on UNDP resources and funding strategy at its first regular session 1998;

ITEM 5: UNOPS: FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

Adopted decision 97/21 of 18 September 1997 on United Nations Office for Project Services risk management, reserves and surplus income (DP/1997/26);

Adopted decision 97/22 of 18 September 1997 on the United Nations Office for Project Services revised budget estimates for the biennium 1996-1997 and budget estimates for the biennium 1998-1999 (DP/1997/29);

Adopted decision 97/23 of 18 September 1997 on follow-up to recommendations of the report of the Board of Auditors on the United Nations Office for Project Services (A/51/5/Add.10) (DP/1997/27);

Took note of the report of the Advisory Committee on Administrative and Budgetary Questions on the United Nations Office for Project Services (DP/1997/28);

ITEM 6: UNDP: COUNTRY COOPERATION FRAMEWORKS AND RELATED MATTERS

Approved the following country cooperation frameworks:

I

First country cooperation framework for Angola (DP/CCF/ANG/1);
First country cooperation framework for Benin (DP/CCF/BEN/1);
First country cooperation framework for Botswana (DP/CCF/BOT/1);
First country cooperation framework for Burkina Faso (DP/CCF/BKF/1);
First country cooperation framework for Cameroon (DP/CCF/CMR/1);
First country cooperation framework for Chad (DP/CCF/CHD/1);
First country cooperation framework for Gabon (DP/CCF/GAB/1);
First country cooperation framework for Guinea-Bissau (DP/CCF/GBS/1);
First country cooperation framework for Malawi (DP/CCF/MLW/1);
First country cooperation framework for Mauritius (DP/CCF/MAR/1);
First country cooperation framework for Sao Tome and Principe (DP/CCF/STP/1);
First country cooperation framework for Senegal (DP/CCF/SEN/1);
First country cooperation framework for Seychelles (DP/CCF/SEY/1);
First country cooperation framework for South Africa (DP/CCF/SAF/1);
First country cooperation framework for Swaziland (DP/CCF/SWA/1);
First country cooperation framework for Zimbabwe (DP/CCF/ZIM/1);

II

First country cooperation framework for Cambodia (DP/CCF/CMB/1);
First country cooperation framework for Fiji (DP/CCF/FIJ/1);

First country cooperation framework for the Federated States of Micronesia (DP/CCF/FSM/1);
First country cooperation framework for Kiribati (DP/CCF/KIR/1);
First country cooperation framework for the Democratic People's Republic of Korea (DP/CCF/DRK/1);
First country cooperation framework for Malaysia (DP/CCF/MAL/1);
First country cooperation framework for Maldives (DP/CCF/MDV/1);
First country cooperation framework for the Marshall Islands (DP/CCF/MAS/1);
First country cooperation framework for Nepal (DP/CCF/NEP/1);
First country cooperation framework for Niue (DP/CCF/NIU/1);
First country cooperation framework for Pakistan (DP/CCF/PAK/1);
First country cooperation framework for Palau (DP/CCF/PAU/1);
First country cooperation framework for the Philippines (DP/CCF/PHI/1);
First country cooperation framework for Samoa (DP/CCF/SAM/1);
First country cooperation framework for the Solomon Islands (DP/CCF/SOI/1);
First country cooperation framework for Sri Lanka (DP/CCF/SRL/1);
First country cooperation framework for Thailand (DP/CCF/THA/1);
First country cooperation framework for Tonga (DP/CCF/TON/1);
First country cooperation framework for Tuvalu (DP/CCF/TUV/1);
First country cooperation framework for Vanuatu (DP/CCF/VAN/1);

III

First country cooperation framework for Armenia (DP/CCF/ARM/1*);
First country cooperation framework for Azerbaijan (DP/CCF/AZE/1);
First country cooperation framework for Bulgaria (DP/CCF/BUL/1);
First country cooperation framework for Georgia (DP/CCF/GEO/1);
First country cooperation framework for Malta (DP/CCF/MAT/1);
First country cooperation framework for the Russian Federation (DP/CCF/RUS/1);
First country cooperation framework for Saint Helena (DP/CCF/STH/1);
First country cooperation framework for Slovenia (DP/CCF/SVN/1);
First country cooperation framework for the former Yugoslav Republic of Macedonia (DP/CCF/MCD/1);
First country cooperation framework for Turkmenistan (DP/CCF/TUK/1);
First country cooperation framework for Ukraine (DP/CCF/UKR/1);

IV

First country cooperation framework for Anguilla (DP/CCF/ANL/1);
First country cooperation framework for Argentina (DP/CCF/ARG/1);
First country cooperation framework for Barbados (DP/CCF/BAR/1);
First country cooperation framework for the British Virgin Islands (DP/CCF/BVI/1);
First country cooperation framework for Brazil (DP/CCF/BRA/1);
First country cooperation framework for Chile (DP/CCF/CHI/1);
First country cooperation framework for Cuba (DP/CCF/CUB/1);
First country cooperation framework for Dominica (DP/CCF/DMI/1);
First country cooperation framework for the Dominican Republic (DP/CCF/DOM/1);
First country cooperation framework for El Salvador (DP/CCF/ELS/1);

First country cooperation framework for Grenada (DP/CCF/GRN/1);
First country cooperation framework for Guyana (DP/CCF/GUY/1);
First country cooperation framework for Honduras (DP/CCF/HON/1);
First country cooperation framework for Jamaica (DP/CCF/JAM/1);
First country cooperation framework for Mexico (DP/CCF/MEX/1);
First country cooperation framework for Peru (DP/CCF/PER/1);
First country cooperation framework for Saint Lucia (DP/CCF/STL/1);
First country cooperation framework for Saint Vincent and the Grenadines (DP/CCF/STV/1);
First country cooperation framework for Trinidad and Tobago (DP/CCF/TRI/1);
First country cooperation framework for Uruguay (DP/CCF/URU/1);
First country cooperation framework for Venezuela (DP/CCF/VEN/1);

V

First country cooperation framework for Djibouti (DP/CCF/DJI/1);
First country cooperation framework for Egypt (DP/CCF/EGY/1);
First country cooperation framework for Jordan (DP/CCF/JOR/1);
First country cooperation framework for Kuwait (DP/CCF/KUW/1);
First country cooperation framework for Saudi Arabia (DP/CCF/SAU/1);
First country cooperation framework for the Sudan (DP/CCF/SUD/1);
First country cooperation framework for the Syrian Arab Republic (DP/CCF/SYR/1);
First country cooperation framework for the United Arab Emirates (DP/CCF/UAE/1);
First country cooperation framework for Yemen (DP/CCF/YEM/1)

Agreed to postpone consideration of the first country cooperation framework for the Republic of Congo (DP/CCF/PRC/1), the first country cooperation framework for Montserrat (DP/CCF/MOT/1) and the first country cooperation for Yugoslavia (DP/1997/YUG/1);

Adopted decision 97/25 of 19 September 1997 on the first country cooperation framework for Nigeria (DP/CCF/NIR/1);

Took note of the extension of the following country programmes:

Extension of the fourth country programme for Albania (DP/CP/ALB/4/EXTENSION I);
Extension of the third country programme for Antigua and Barbuda (DP/CP/ANT/3/EXTENSION I);
Extension of the third country programme for the Cayman Islands (DP/CP/CAY/3/EXTENSION I);
Extension of the fifth country programme for Costa Rica (DP/CP/COS/5/EXTENSION I);
Extension of the fifth country programme for Paraguay (DP/CP/PAR/5/EXTENSION I);
Extension of the third country programme for Saint Kitts and Nevis (DP/CP/STK/3/EXTENSION I);
Extension of the third country programme for Turks and Caicos (DP/CP/TCI/3/EXTENSION I);
Extension of the fifth country programme for the Libyan Arab Jamahiriya (DP/CP/LIB/5/EXTENSION I);

Approved the regional cooperation framework for the Arab States (DP/RCF/RBAS/1);

Approved the revised global cooperation framework (97/5) (DP/GCF/1/Rev.1);

UNFPA SEGMENT

ITEM 7: UNFPA: FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

Adopted decision 97/26 of 19 September 1997 on UNFPA estimates for the biennial support budget for 1998-1999 (DP/FPA/1997/14);

Took note of the report on evaluation of UNFPA staff training activities (DP/FPA/1997/11) and requested the Executive Director to make an oral presentation to the Executive Board on the implementation of the recommendations of the evaluation at the second regular session 1998;

Took note of the report on UNFPA annual financial review 1996 (DP/FPA/1997/13);

Adopted decision 97/27 of 19 September 1997 on the UNFPA technical support services system (DP/FPA/1997/16);

ITEM 8: UNFPA: RESOURCE MOBILIZATION

Decided to continue consideration of item 8 on UNFPA resource mobilization at its second regular session 1998;

ITEM 9: UNFPA: COUNTRY PROGRAMMES AND RELATED MATTERS

Decided to defer consideration of the UNFPA country programmes originally scheduled for the third regular session 1997 (Algeria, China, Egypt, Nicaragua, Paraguay and the Pacific subregion) to the first regular session 1998;

ITEM 10: OTHER MATTERS

Adopted decision 97/28 of 19 September 1997 on the terms of reference of the WHO/UNICEF/UNFPA Coordinating Committee on Health (DP/FPA/1997/17);

Confirmed the nominations of its representatives to the Coordinating Committee on Health;

Took note of the oral report on the activities undertaken in the Democratic Republic of the Congo;

Took note of the recommendations of UNFPA Advisory Committee on NGOs;

Took note of the oral report of the Administrator on the UNDP Reserve for Field Accommodation;

Took note of the oral presentation of the Assistant Administrator, Bureau for Policy and Programme Support, on the first session of the Conference of Parties of the United Nations Convention to Combat Desertification and/or Drought in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa;

Decided to take up consideration of the mission reports of field visits to Cuba and Jamaica in 1997 (DP/1997/CRP.24) and to Kyrgyzstan and Latvia in 1997 (DP/1997/CRP.26) at an informal session of the Board to be held later in 1997;

19 September 1997

Annex

TENTATIVE WORK PLAN
EXECUTIVE BOARD OF UNDP/UNFPA
First regular session 1998
(19-23 January 1998 - 5 working days)

Item No.	Nature of report	Action/ Information	Time allotted	Item and subject
1				ORGANIZATIONAL MATTERS
	Official (DP/1998/L.1)	A		Provisional agenda, annotations, list of documents
	Official	A	½ day	Report on the third regular session 1997
	Official	I		Decisions adopted by the Executive Board in 1997
				Annual work plan 1998 for UNDP/UNFPA Executive Board
				UNFPA/UNDP SEGMENT
2	Official	A/I		Updated overview of implementation of recommendations of the Board of Auditors (97/2 & 97/3)
			1 day	UNFPA SEGMENT
3	Official	A		UNFPA: COUNTRY PROGRAMMES AND RELATED MATTERS
				UNDP SEGMENT
				UNDP 2001:
4	Oral	I	½ day	Follow up to 97/15 - Progress report
	Official	A		Narrowing the focus
5				COUNTRY COOPERATION FRAMEWORKS AND RELATED MATTERS
				Country cooperation frameworks
	Official	A	1½ days	Implementation strategy papers for RCFs (including timetable for mid-term review and proposed methodology) (97/9)
				Assistance to Myanmar (96/1)
6				FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS
	Official	A	1½ days	Review of modalities of non-core resources (96/44) including follow-up to 97/15 para. 23 (guidelines on national execution and role of UNDP in implementation)

Item No.	Nature of report	Action/ Information	Time allotted	Item and subject
	CRP	A/I	(	UNDP resources and funding strategy options:
			(	"Towards a sustainable funding strategy for
			(	UNDP"
	CRP	I	(	Review of round-table process
7				OTHER MATTERS

NOTE: A one-day joint session with UNICEF will be held in January 1998 to enable an exchange of views on the impact of overall United Nations reform on the Funds and Programmes.

Abbreviations: A = action; CRP = conference room paper; I = information; and RCFs = regional cooperation frameworks.